Printed for the use of the Foreign Office. March 1883.

CONFIDENTIAL.

(4801.)

F.O.
424

PART II.

CORRESPONDENCE

RESPECTING THE

FINANCES OF TURKEY.

(In continuation of Confidential Paper No. 4607.)

1882.

131

PUBLIC RECORD OFFICE, LONDON

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Printed for the use of the Foreign Office. March 1883.

CONFIDENTIAL.

Correspondence respecting the Finances of Turkey.

Part II.

No. 1.

Sir E. Thornton to Earl Granville.—(Received January 9.)

(No. 3.) *St. Petersburgh, January* 2, 1882.

My Lord,

I HAVE the honour to inclose an article, which appeared in the "Journal de St. Pétersbourg" of the $\frac{19th}{31st}$ ultimo, relating to the recent decision of the Sublime Porte to assign conditionally to its foreign creditors whatever may be ultimately decided upon as the amount of the Tribute to be paid by Bulgaria, in accordance with the provisions of the Treaty of Berlin. It alludes to the estimate made by the Turkish Government of the value of that Tribute at £T. 100,000. It asserts that the political situation of Bulgaria with regard to the Porte is precisely the same as that of Servia and Roumania before the war, and, comparing the respective populations of the three States, it considers that the Tribute to be paid by Bulgaria should be at most £T. 5,000.

But the article claims that, in accordance with the provisions of the XXIInd Article of the Treaty of Berlin, Russia is entitled to any and all of the resources which may proceed from Bulgaria, in payment of the expenses of the occupation of that State by Russian troops, and that, if she has not insisted upon that payment in consideration of the embarrassments arising from the organization of a new country, it was on condition that this forbearance should be of advantage to the Bulgarian population, and not to the creditors of the Porte.

I have, &c.

(Signed) EDWD. THORNTON.

Inclosure in No. 1.

Extract from the "Journal de St. Pétersbourg" of December $\frac{19}{31}$, 1881.

EN parlant hier de l'arrangement conclu par la Sublime Porte avec ses créanciers étrangers, nous nous étions arrêtés à l'alinéa 5 de l'Article VIII, joignant, à titre conditionnel, le tribut de la Bulgarie aux revenus qui doivent constituer la garantie des bondholders. "Tant que le tribut n'aura pas été fixé par les Représentants des Puissances Signataires du Traité de Berlin, le Gouvernement (Turc) le remplacera, à partir du $\frac{1}{13}$ Janvier, 1882, par une somme annuelle de £T. 100,000, à prélever sur la dîme des tabacs." Ainsi s'exprime l'alinéa 5 ci-dessus rappelé, qui ajoute ensuite, ainsi que nous le disions hier: "Une fois le dit tribut fixé, si la Sublime Porte croyait devoir l'affecter, en totalité ou en partie, à une autre destination, la somme dont elle aurait ainsi disposé sera remplacée par une somme égale à prélever sur la dîme des tabacs, et, au cas ou celle-ci n'y suffirait pas, sur un autre revenu tout aussi sûr.

Il semble résulter du premier passage de cet alinéa que la Porte évalue à £T. 100,000 (2,300,000 fr.) le tribut qu'elle serait en droit d'attendre de la Bulgarie.

Nous avons voulu savoir sur quelle base reposait cette présomption et, en attendant des renseignements officiels, nous avons eu recours aux précédents. La situation politique de la Principauté Bulgare vis-à-vis de la Porte est absolument celle de la Serbie et de la Roumanie avant la dernière guerre. Or, jusqu'à la veille de leur affranchissement, le premier de ces deux pays, avec une population de plus de 1,500,000 âmes, payait à la Porte £T. 4,000, et le second (avec plus de 5,000,000 d'habitants) versait £T. 8,000. La Bulgarie comptant à cette heure environ 2,000,000 d'habitants, le taux correspondant du tribut annuel serait donc tout au plus de £T. 5,000, juste le vingtième de ce que semble prévoir l'alinéa 5 ci-dessus. Nous disons "semble prévoir," car en réalité le texte de cet alinéa ne dit point que ce tribut doive rapporter aux créanciers £T. 100,000; il déclare seulement qu'en attendant sa fixation, la Porte versera £T. 100,000 sur la dîme des tabacs,—mais une fois cette fixation faite, c'est le tribut qui revient aux créanciers, quel qu'en soit le montant, et si la Porte lui donne une autre destination, les bondholders seront indemnisés ailleurs "de la somme" dont elle aura ainsi disposé et qui "sera remplacée par une somme égale." Il y a peut-être là-dedans matière à discussion, mais c'est affaire des créanciers.

Pour ce qui nous concerne, nous voudrions nous arrêter un instant encore à cet alinéa comme à l'alinéa 7 du même Article qui a trait au tribut de la Roumélie Orientale, affecté aux créanciers. Cette affectation est sans doute très avantageuse pour ces derniers, car il s'agit d'une somme de £T. 240,000 (outre £T. 5,000, provenant des Douanes), mais elle pourrait bien se heurter à un droit antérieur, résultant de l'Article XXII du Traité de Berlin. Cet Article, en fixant l'effectif du corps d'occupation que la Russie devait conserver pendant neuf mois en Bulgarie et dans la Roumélie Orientale, ajoutait qu' "il sera entretenu aux frais du pays occupé." Or, ces frais d'entretien n'ont pas encore été remboursés à cette heure à la Russie et celle-ci a un droit incontestable à réclamer le paiement avant toute autre affectation des ressources du pays. La Russie, qui a délivré les deux provinces, peut tenir compte des embarras que crée tout commencement de nouvelle organisation; mais c'est à la condition que cette tolérance profite aux populations libérées et non pas aux créanciers de la Porte, vis-à-vis desquels la priorité de la Russie à rentrer dans les frais de l'occupation sur la base même du Traite de Berlin est de toute évidence.

No. 2.

The Law Officers of the Crown and Dr. Deane to Earl Granville.—(*Received January* 18.)

Temple, January 14, 1882.

My Lord,

IN obedience to your Lordship's commands of the 22nd ultimo we have the honour to report—

That, in our opinion, any portion of the surplus revenue of Cyprus which Her Majesty's Government may determine to apply to the liquidation of the debt owing from the Porte, under the Convention of the 27th June, 1855, should be regarded and dealt with as if it had been remitted in accordance with Article III of that Convention.

If this view be correct, it follows that the French Government ought to receive equal benefit, in common with Her Majesty's Government, from the application of such funds. But still no right of "attachment" of or interference with the ascertainment of the amount or the destination of the Cyprus revenues can be claimed by the French Government, except to the extent of requiring (as we have above pointed out to be equitable) that any surplus revenue which Her Majesty's Government should think right to apply for the purpose of discharging the liability of the Porte, under the Convention, should enure to the benefit of both Governments alike.

We therefore submit, for your Lordship's consideration, whether the communication to the French Government suggested by the Treasury should not be of a more limited character, merely reserving to Her Majesty's Government the sole control over the Cyprus revenue, but intimating that your Lordship's present view is that the French Government should equally participate with Her Majesty's Government in any appropriation of the surplus revenue to meet the liabilities of the Porte, under the Convention, which Her Majesty's Government may think it right from time to time to make.

We also think that these views ought not to be in any way affected by the giving by the French Government of any formal notification, or by the absence thereof.

In relation to the ransoms, we still incline to think that the views expressed in

the concluding paragraph of our Report of the 4th January, 1881,* are worthy of your Lordship's consideration; and inasmuch as the protest against the assignment of the surplus revenue to the Galata bankers must be based upon the charge created by the Convention of 1855 upon the general revenues of the Porte in favour of Her Majesty's Government, we think it would be more expedient to devote such surplus revenue to the discharge of the liability of the Turkish Government, under that Convention, than to meet a special indebtedness, although by so doing the French Government would participate in the benefits arising from the application of the funds.

We have, &c.
(Signed) HENRY JAMES.
FARRER HERSCHELL.
J. PARKER DEANE.

No. 3.

Sir J. Pauncefote to Sir R. Lingen.

Foreign Office, January 24, 1882.

Sir,

WITH reference to a letter from this Office of the 16th August last, I am directed by Earl Granville to transmit, for the consideration of the Lords Commissioners of Her Majesty's Treasury, the accompanying copy of a Report from the Law Officers of the Crown on the question of retaining the surplus revenues of Cyprus in satisfaction of debts due to Her Majesty's Government by the Porte, and the claim of the French Government to benefit thereby.†

I am also to inclose their Report of the 6th January, 1881,‡ for convenience of reference.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 4.

The Earl of Dufferin to Earl Granville.—(*Received January* 27.)

E (No. 30.)

Constantinople, January 17, 1882.

My Lord,

I HAVE the honour to transmit herewith to your Lordship a copy of a despatch I have received from Consul-General Jones respecting the expenses for which the Russian Government hold Eastern Roumelia liable on account of the Russian occupation of that province during the late war.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 4.

Consul-General Jones to the Earl of Dufferin.

Philippopoli, January 6, 1882.

My Lord,

I HAVE the honour to acquaint your Excellency with the steps taken by the Russian Consulate-General here in the matter of fixing the sum to be paid by this province to the Russian Government for the expenses of the army of occupation during the nine months it remained in the province after the signature of the Berlin Treaty.

The Provincial Assembly, in its sitting of the 21st December, 1879, recognized this debt, and agreed that it should take precedence of all other obligations. The Permanent Committee was charged to investigate the charges of the occupation along with the Russian Consulate General and to fix the amount due. Since that time the question has remained in abeyance, but recently the Governor-General has forwarded to the Permanent Committee a letter from the Russian Consulate-General, requiring that the Permanent Committee should forthwith occupy itself with the matter, and perform the duty relegated to it by the Provincial Assembly two years since.

* *Query* 5th. † No. 2. ‡ See Part I, No. 31.

The Porte objected at the time to this decision taken by the Assembly, and maintained that the question of the claim should be settled between itself and Russia, which, apparently, was the view likewise taken by the International Commission in its session of the 3rd June, 1879:—

"Toutes ces questions doivent être examinées par l'Assemblée Provinciale, laquelle a seule le pouvoir d'imposer les contributions additionnelles nécessaires pour le paiement des dits frais, et le résultat de cet examen devra être l'objet d'une négociation entre la Sublime Porte et le Gouvernement Impérial de Russie, ainsi que les autres Gouvernements Signataires du dit Traité" (of Berlin).

Aleko Pasha has informed the Porte of the action taken by the Russians in this matter, and—as he informs me—has received instructions to refer it altogether for the consideration of the Government at Constantinople.

I have, &c.
(Signed) HENRY M. JONES.

No. 5.

Assim Pasha to Musurus Pasha.—(Communicated to Earl Granville by Musurus Pasha, January 27.)

Constantinople, le 21 Janvier, 1882.

(Télégraphique.)

LA Russie demande à se faire rembourser les frais que lui a occasionnés l'occupation par ses troupes de la Roumélie Orientale.

Le Délégué Russe au sein de la Commission Européenne chargée d'élaborer le Statut Organique de la dite province avait présenté, il est vrai, une liste indiquant les frais en question; mais, dans une conversation particulière, Sir Drummond Wolff avait dit que l'affaire n'aurait pas de suite jusqu'à l'issue des pourparlers engagés entre les Cabinets de Londres et de St. Pétersbourg.

Veuillez vous informer d'une manière toute officieuse et me télégraphier s'il y a eu de pareils pourparlers et quel en a été le résultat.

No. 6.

Sir J. Pauncefote to the Law Officers of the Crown and Dr. Deane.

Foreign Office, January 31, 1882.

Gentlemen,

BY Earl Granville's direction, I have the honour again to refer to you on the subject of the claim advanced by Russia to the Bulgarian tribute as security for the war indemnity imposed upon Turkey by Russia.

In his despatch from Berlin of the 13th July, 1878, transmitting a copy of the Treaty signed that day, the Marquis of Salisbury stated that, from the declarations made in Congress with regard to the war indemnity, it resulted that Turkey "is not internationally bound, and cannot be compelled, to pay any portion of the indemnity until the claims of all the creditors of loans anterior to the war have been paid in full."*

From the Decree which I inclose you will perceive that the bondholders of Turkey have now accepted a special hypothecation from the Porte in which the Bulgarian tribute is not included, but that by Article 22 of that Decree they have had reserved to them the right to have recourse to the general hypothecation originally granted to them in the event of the failure of the special securities now assigned to them.

The Russian Government have expressed their willingness that the Bulgarian tribute should be paid to Commissioners, or to a Bank or other public establishment at Constantinople, who should hold it as a security for the war indemnity. Lord Granville would be glad to be favoured with your opinion whether, having regard to the legal rights of all parties, Her Majesty's Government would be justified in admitting the rights of the Russian Government as second incumbrancers, and in agreeing that the Bulgarian tribute should be held as a security for the war indemnity, subject to the prior lien of Great Britain and France under the Convention of 1855, and that of the Turkish bondholders, should they ever have occasion to resort thereto by reason of the failure of the special securities respectively assigned to them.

For convenience of reference, I return herewith your Reports of the 13th and 30th ultimo,† and the previous papers on the subject; and I also inclose a copy of the Parliamentary Paper which contains the despatch from Lord Salisbury of the 13th July, 1878, hereinbefore mentioned.

* Parliamentary Paper "Turkey No. 38 (1878)," p. 2

† See Part I, Nos. 280* and 293.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 7.

Sir E. Thornton to Earl Granville.—(Received February 6.)

(No. 39. Confidential.)

St. Petersburgh, January 31, 1882.

My Lord,

IN a conversation which I had yesterday with my Turkish colleague, an allusion to the question of the Bulgarian tribute gave me an opportunity of asking his Excellency what he considered was the amount of the revenue received from that province previously to the war with Russia.

Chakir Pasha assured me that at that time he had been exceedingly well acquainted with Bulgaria, and that he knew positively that the revenue collected during the year before the beginning of the war, was about £T. 1,148,000, exclusive of the tax upon tobacco and salt. Of this amount 30 per cent. was allowed for local expenses, and about 18 per cent. for the share of the maintenance of the National army, whilst the remaining 52 per cent. was actually received by the Sublime Porte. His Excellency therefore considered that the value of 100,000*l.* assigned to it in the recent arrangement with the foreign creditors, was far below its real value, and that the annual sum of 5,000*l.* at which it was estimated by the Russian Government was simply ridiculous.

I understood from Chakir Pasha, although he did not state it very clearly, that he was now, in accordance with instructions received from his Government, endeavouring to induce the Russian Government to accept the Bulgarian tribute as a guarantee for the payment of the war indemnity. M. de Giers had strongly objected to this proposal, on the ground that it would be extremely disagreeable, considering the relations between Russia and Bulgaria, for the former to undertake the collection of the Bulgarian tribute.

On the other hand, my Turkish colleague expressed to me his belief that it would be much easier for Russia to collect the tribute than for the Porte, whose efforts in other similar cases had been attended with very little success. His Excellency added that he did not yet despair of persuading the Russian Government to accept the Bulgarian tribute as a guarantee for the war indemnity, and in that case some other revenue could be found with which to replace the 100,000*l.* guarantee already granted to the foreign creditors on the Bulgarian tribute.

His Excellency said that he could not conceive that the control over Bulgaria, which would be given to Russia by her collecting and receiving the tribute, would be at all dangerous, for the geographical position of that tributary State was such that any attempt on her part to obtain material possession of it would cause a general subversion ("bouleversement"), and would be followed by the active interference of the Great Powers.

I have, &c.
(Signed) EDWD. THORNTON.

No. 8.

Lord F. Cavendish to Lord Tenterden.—(Received February 7.)

Treasury Chambers, February 6, 1882.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to forward to you a copy of a letter which they have received from the Bank of England, and I am to request you to lay the same before the Secretary of State, who will see that the Turkish Government have again failed to meet the charge of the Guaranteed Loan of 1855 falling due on the 1st current.

I am to say that my Lords have directed an issue to be made at once out of the Consolidated Fund to make good the amount deficient, viz., 40,304*l.*

I am to suggest that the Porte should be informed and moved to make provision for the amount deficient, and that it should be reminded at the same time that previous to the present default there was an arrear of 184,234*l.* 3*s.* 2*d.*, to which has to be added

interest paid by this Board upon the advances made by the Bank of England in August last amounting to 27*l.* 12*s.* 1*d.*, making altogether 184,261*l.* 15*s.* 3*d.*

The default will, therefore, be now increased by the sum which my Lords have caused to be advanced to 224,565*l.* 15*s.* 3*d.*

I am also to suggest that the French Government should be informed.

I have, &c.
(Signed) F. CAVENDISH.

Inclosure in No. 8.

Mr. May to Sir R. Lingen.

Bank of England, London, February 2, 1882.

Sir,

I AM directed to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that the following amount became due on the 1st instant for interest on the Imperial Ottoman Guaranteed Loan, viz.: Six months' interest on 3,815,200*l.*, 76,304*l.* (including 646,000*l.* bonds drawn but not redeemed).

Of this amount the sum of 36,000*l.* only is in the hands of the Bank of England, leaving 40,304*l.* still to be provided.

I am, therefore, to request their Lordships' instructions in the matter at your earliest convenience.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

No. 9.

Earl Granville to the Earl of Dufferin.

(No. 74.)

Foreign Office, February 9, 1882.

My Lord,

THE Turkish Ambassador called at the Foreign Office on the 27th ultimo, and left a copy of a despatch from the Porte, relative to the claim made by the Russian Government for repayment of the expenses of the Russian occupation of Eastern Roumelia. The Porte appears to be under the impression that Sir H. Wolff, when acting as British member of the European Commission for the organization of that province, had stated that the claim would be suspended pending discussions between the British and Russian Governments.

Musurus Pasha called upon me this afternoon, and I told his Excellency that I had referred to the correspondence on the subject, that I found that the matter had been brought before the European Commission, and that Sir H. Drummond Wolff had made a declaration, which had been adopted by the Austrian, French, Italian, and Turkish Commissioners, recommending that the question should be examined by the Provincial Assembly, and should then be discussed between the Sublime Porte and the Russian Government.

I did not find that Sir H. Wolff had made the statement attributed to him in the despatch from the Porte, or that any discussion had taken place between the British and Russian Governments on the subject of the claim.

I am, &c.
(Signed) GRANVILLE.

No. 10.

The Earl of Dufferin to Earl Granville.—(*Received February* 10.)

(No. 65.)

Constantinople, January 31, 1882.

My Lord,

I UNDERSTAND that the proposal in regard to the Russian War Indemnity which has been sent forward by the Porte for the favourable consideration of the Sultan, and in which M. Novikoff acquiesces, fixes the annual payment at 350,000*l.* a-year, or about 8,000,000 fr., but no claim to interest is acknowledged.

I have, &c.
(Signed) DUFFERIN.

No. 11.

The Law Officers of the Crown and Dr. Deane to Earl Granville.—(*Received February* 11.)

Temple, February 11, 1882.

My Lord,

WE were honoured with your Lordship's commands signified in Sir Julian Pauncefote's letter of the 31st January last, stating that he had again to refer to us on the subject of the claim advanced by Russia to the Bulgarian Tribute as security for the war indemnity imposed upon Turkey by Russia.

That in his despatch from Berlin of the 13th July, 1878, transmitting a copy of the Treaty signed that day, the Marquis of Salisbury stated that, from the declarations made in Congress with regard to the war indemnity, it resulted that Turkey "is not internationally bound, and cannot be compelled to pay any portion of the indemnity until the claims of all the creditors of loans anterior to the war have been paid in full."

That from the Decree which Sir Julian Pauncefote inclosed, we would perceive that the bondholders of Turkey had now accepted a special hypothecation from the Porte in which the Bulgarian Tribute was not included, but that by Article XX of that Decree they had had reserved to them the right to have recourse to the general hypothecation originally granted to them in the event of the failure of the special securities then assigned to them.

That the Russian Government had expressed their willingness that the Bulgarian Tribute should be paid to Commissioners or to a bank or other public establishment at Constantinople, who should hold it as a security for the war indemnity.

That your Lordship would be glad to be favoured with our opinion whether, having regard to the legal rights of all parties, Her Majesty's Government would be justified in admitting the rights of the Russian Government as second incumbrancers, and in agreeing that the Bulgarian Tribute should be held as a security for the war indemnity, subject to the prior lien of Great Britain and France under the Convention of 1855 and that of the Turkish bondholders, should they ever have occasion to resort thereto by reason of the failure of the special securities respectively assigned to them.

That, for convenience of reference, Sir Julian Pauncefote returned therewith our Reports of the 13th and 30th December and the previous papers on the subject, and he also inclosed a copy of the Parliamentary Paper which contained the despatch from Lord Salisbury of the 13th July, 1878, thereinbefore mentioned.

In obedience to your Lordship's commands we have the honour to report—

That, assuming the Bulgarian Tribute to be paid by direction of the Porte to Commissioners, or to a bank or other public establishment at Constantinople, to be held as a security for the Russian war indemnity, we think that Her Majesty's Government would be justified in admitting the rights of the Russian Government thereto, and agreeing that the Bulgarian Tribute should be held as a security for the war indemnity, subject to the prior lien of Great Britain and France under the Convention of 1855 and that of the Turkish bondholders, should they ever have occasion to revert thereto by reason of the failure of the special securities respectively assigned to them.

We have, &c.
(Signed) HENRY JAMES.
FARRER HERSCHELL.
J. PARKER DEANE.

No. 12.

Earl Granville to Musurus Pasha.

Foreign Office, February 16, 1882.

M. l'Ambassadeur,

WITH reference to my letter to your Excellency of the 15th August last, I regret to state that I learn from the Lords Commissioners of Her Majesty's Treasury that the Porte has again failed to meet the charge of the Guaranteed Loan of 1855, which falls due on the 1st of this month.

Directions have accordingly been given for the issue out of the Consolidated Fund of 40,304*l.*, the amount deficient, in discharge of the liability of the British and French Governments in respect to that loan.

I have the honour to request that your Excellency will be good enough to bring this matter to the notice of the Porte, and to inform me in due time of the steps which it proposes to take for the repayment of the sum advanced.

I have, &c.
(Signed) GRANVILLE.

No. 13.

Earl Granville to the Earl of Dufferin.

(No. 80.)
My Lord, *Foreign Office, February* 17, 1882.

THE Porte having again failed to meet the charge of the Guaranteed Loan of 1855 due this month, I have addressed a note to Musurus Pasha, of which the inclosed is a copy, requesting his Excellency to bring the matter to the notice of his Government, and to inform me of the steps that it proposes to take for the repayment of the sum of 40,304*l.* which has been issued out of the Consolidated Fund in order to make good the amount deficient.

I have to request your Excellency to remind the Porte, that previous to the present default there was an arrear of 184,234*l.* 3*s.* 2*d.*, to which has to be added interest paid by Her Majesty's Treasury upon the advances made by the Bank of England in August last amounting to 27*l.* 12*s.* 1*d.*, making altogether 184,261*l.* 15*s.* 3*d.*

The default has, therefore, become increased by the sum which Her Majesty's Government have advanced to 224,565*l.* 15*s.* 3*d.*

I am, &c.
(Signed) GRANVILLE.

No. 14.

Earl Granville to Lord Lyons.

(No. 171.)
My Lord, *Foreign Office, February* 17, 1882.

I LEARN that the Porte has again failed to make sufficient provision for the dividend due this month on the Imperial Ottoman Guaranteed Loan of 1855, and that the Lords Commissioners of Her Majesty's Treasury have directed an issue to be made at once out of the Consolidated Fund to make good the amount deficient, viz., 40,304*l.*

I have accordingly addressed a despatch to Her Majesty's Ambassador at Constantinople, of which the inclosed is a copy,* requesting him to remind the Porte that the arrear previous to the present default amounted, with the interest of 27*l.* 12*s.* 1*d.*, paid by Her Majesty's Treasury on the advances made by the Bank of England last August, to 184,261*l.* 15*s.* 3*d.*, and that the whole default is now increased to 224,565*l.* 15*s.* 3*d.*

I have also requested the Turkish Ambassador to bring the matter to the notice of the Porte, and inform me of the steps which it proposes to take for the repayment of the sum advanced.

Your Excellency will be good enough to convey this information to the French Government.

I am, &c.
(Signed) GRANVILLE.

No. 15.

Earl Granville to the Earl of Dufferin.

(No. 88.)
My Lord, *Foreign Office, February* 24, 1882.

WITH reference to my despatch No. 80 of the 17th instant relative to the further default of the Porte to meet the charge of the Guaranteed Loan of 1855, I think it would be desirable that your Excellency should remind the Turkish Ministers that these repeated failures of the Ottoman Treasury to fulfil its engagements must necessarily come before the public in England and France in consequence of the obligation of the two latter countries to make good the deficiency, and that the effect

* No. 13.

cannot fail to be prejudicial to the future credit and financial operations of the Porte.

I am, &c.
(Signed) GRANVILLE.

No. 16.

The Earl of Dufferin to Earl Granville.—(Received March 1.)

(No. 147.)
My Lord, *Constantinople, February* 28, 1882.

I HAVE the honour to transmit herewith to your Lordship, with reference to your despatch No. 80 of the 17th instant, copy of the note which I have addressed to Assim Pasha on the subject of the sums due by the Sublime Porte on account of the Guaranteed Loan of 1855.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 16.

The Earl of Dufferin to Assim Pasha.

M. le Ministre, *Constantinople, February* 27, 1882.

I HAVE the honour to inform your Excellency that I have received a despatch from Her Majesty's Principal Secretary of State for Foreign Affairs, inclosing a copy of a note addressed by his Lordship to Musurus Pasha with regard to the non-payment by the Porte of the interest on the Guaranteed Loan of 1855 due this month. His Excellency has been requested to inform Her Majesty's Government what steps the Porte proposes to take for the repayment of the sum of 40,304*l.* which has been issued out of the Consolidated Fund in order to make good the amount deficient.

I have to remind your Excellency that previous to the present default there was an arrear of 184,234*l.* 3*s.* 2*d.*, to which has to be added interest paid by Her Majesty's Treasury upon the advances made by the Bank of England in August last, amounting to 27*l.* 12*s.* 1*d.*, making altogether 184,261*l.* 15*s.* 3*d.*

The default has, therefore, become increased, by the sum Her Majesty's Government have advanced, to 224,565*l.* 15*s.* 3*d.*

I avail, &c.
(Signed) DUFFERIN.

No. 17.

Lord Lyons to Earl Granville.—(Received March 2.)

(No. 178.)
My Lord, *Paris, March* 1, 1882.

WITH reference to your Lordship's despatch No. 171 of the 17th instant, and to my despatch No. 156 of the 21st instant, I have the honour to transmit to you a copy of a note which I received last evening from M. de Freycinet, and which states that instructions have been given to the French Ambassador at Constantinople to confer with Her Majesty's Ambassador on the subject of the default of the Porte to provide for the charges on the Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 17.

M. de Freycinet to Lord Lyons.

M. l'Ambassadeur, *Paris, le 25 Février*, 1882.

J'AI reçu la lettre que votre Excellence a bien voulu m'écrire, le 21 Février, pour me faire savoir que le Gouvernement Turc ayant négligé de pourvoir au paiement des arrérages dûs, le présent mois, aux porteurs des titres de l'Emprunt Ottoman de

1855, les Lords Commissaires de la Trésorerie avaient été chargés de prélever sur les fonds consolidés la somme de 40,304*l.* nécessaire pour parfaire le coupon. Vous m'avez en même temps mis au courant de la communication que votre Gouvernement a adressée à l'Ambassadeur du Sultan à Londres, afin de lui faire connaître le montant actuel de la dette laissée en souffrance par le Trésor Ottoman, du chef de l'Emprunt de 1855, et afin de lui demander quelles dispositions la Sublime Porte se proposait de prendre en vue d'opérer le remboursement des avances ainsi faites pour son compte.

Je viens de donner connaissance à notre Ambassadeur en Turquie de votre lettre du 21 Février, et je l'ai invité à se concerter avec le Représentant de la Reine en Turquie pour insister auprès de la Porte sur la nécessité de régulariser une situation qui impose aux deux Gouvernements garants de l'Emprunt de 1855 des charges toujours croissantes.

Agréez, &c.
(Signé) C. DE FREYCINET.

No. 18.

The Earl of Dufferin to Earl Granville.—(*Received March* 2, 2 P.M.)

(No. 45.)
(Telegraphic.) *Constantinople, March* 2, 1882, 12·30 P.M.

RUSSIAN Ambassador has had an interview with the Sultan, at which the Russian indemnity question was partially settled. The tithes and sheep tax of two provinces not yet named are to be paid into the Ottoman Bank, but the amount of the annual payment still remains unsettled.

The Russians have now introduced into this question a fresh claim for the damages sustained by their subjects during the war.

No. 19.

The Earl of Dufferin to Earl Granville.—(*Received March* 13.)

(No. 172. Confidential.)
My Lord, *Constantinople, March* 7, 1882.

IN compliance with the instructions contained in your Lordship's despatch No. 88 of the 24th ultimo, I reminded Assim Pasha of the effect which the repeated failures of the Ottoman Government to meet the charge of the Guaranteed Loan of 1855 would produce on public opinion in England and France.

His Excellency said, in reply, that the Ottoman Government had looked upon the matter as a sacred obligation which it was most anxious to fulfil, and that the payment of the interest claimed had for some time past been under careful consideration, but that it had been deemed advisable—and his Excellency begged that this part of his communication might be considered confidential—that the Sublime Porte should not commit itself to any positive engagement until it had disposed of the Russian indemnity question. He hoped, however, that it would be finally settled in a few days, thus placing the Sublime Porte in a better position to satisfy the claims of Her Majesty's Government.

I have, &c.
(Signed) DUFFERIN.

No. 20.

Earl Granville to the Earl of Dufferin.

(No. 77.)
(Telegraphic.) *Foreign Office, March* 17, 1882, 5·15 P.M.

BOURKE is going to ask the House of Commons whether we know anything of Novikoff's interference with the bondholders' arrangement. Do you consider that any such interference has taken place?

No. 21.

The Earl of Dufferin to Earl Granville.—(*Received March* 18, 1·10 P.M.)

(No. 54.)
(Telegraphic.) *Constantinople, March* 18, 1882, 11·30 A.M.

YOUR telegram No. 77.

I do not consider that M. Novikoff has in any way interfered with the arrangements come to with the bondholders. From the outset he objected to the hypothecation to the bondholders of the Bulgarian tribute, or of any revenues unhypothecated before the Treaty of Berlin. In his recent declaration, noted in my despatch No. 185 of the 13th instant, he has merely reasserted these objections in moderate language. He assured me the other day that his great anxiety was in no way to run counter to the interests of the bondholders.

No. 22.

The Earl of Dufferin to Earl Granville.—(*Received March* 20.)

(No. 185.)
My Lord, *Constantinople, March* 13, 1882.

HIS patience having become exhausted by the interminable delays which have hitherto prevented the final settlement of the question relating to the payment of the war indemnity, the Russian Ambassador communicated the following declaration to the Ottoman Commissioners yesterday :—

"Lundi, le $\frac{1}{13}$ Mars, doit avoir lieu l'entrée en fonctions du Conseil Administratif, qui sera chargé de représenter les bondholders auprès de la Sublime Porte et de gérer les revenus qui leur sont affectés par la Convention qui a été conclue avec eux. Les Délégués Russes ont constamment signalé à l'attention du Gouvernement Ottoman le fait que certains Articles de cette Convention contiennent des stipulations contraires aux principes sanctionnés par le Congrès de Berlin, et lésant par conséquent les intérêts de la Russie. Le Gouvernement de Sa Majesté l'Empereur ne pouvait passer outre à cette infraction manifeste à ses droits solennellement reconnus que si ses intérêts étaient sauvegardés d'autre part.

"La Sublime Porte n'a cessé de donner l'assurance que cette sauvegarde serait accordée par l'affectation à l'indemnité de guerre de garanties de paiement toutes aussi solides que celles attribuées aux bondholders.

"Les Délégués Russes ne mettent pas en doute l'intention de la Sublime Porte de faire face aux engagements qu'elle a pris vis-à-vis d'eux. Cependant, attendu que les Délégués Russes sont encore dans l'ignorance de la décision définitive sur le point relativement aux garanties et que certains autres points restent encore à régler, vu d'autre part la constitution imminente du Conseil Administratif des bondholders, les Délégués Russes croient devoir réserver formellement les droits de leur Gouvernement à l'égard des revenus de la Turquie qui n'auraient pas été hypothéqués antérieurement au Congrès de Berlin et qui ont été affectés aux bondholders par la Convention conclue avec eux, et ils se réservent en même temps de faire parvenir cette déclaration aux intéressés."

I have, &c.
(Signed) DUFFERIN.

No. 23.

Lord F. Cavendish to Lord Tenterden.—(*Received March* 21.)

My Lord, *Treasury Chambers, March* 20, 1882.

WITH reference to previous correspondence on the appropriation of the Cyprus tribute to the payment of the liabilities of the Porte in respect of the Guaranteed Loan of 1855, I am to forward to you a copy of a letter which the Lords Commissioners of Her Majesty's Treasury have caused to be addressed to the Earl of Kimberley, and I am to say that they would be glad to learn whether Lord Granville concurs with the views therein expressed, and especially whether he considers with this Board that the sums due on account of the Cyprus tribute, and not paid over to the Board, may now be remitted to this country.

Upon this point my Lords may remark that they cannot anticipate any advantage from further negotiation with the Porte, and they would be glad if the decision of Lord Kimberley could be communicated to the Porte as final and as closing the discussion.

The Secretary of State is aware that the tribute due for the year 1878-79, and a portion of that due for 1879-80, was actually paid by the Cyprus Government to the Ottoman Bank at Constantinople for the account of the Porte. It would, however, appear from Sir R. Biddulph's letter to Lord Kimberley, dated the 18th March, 1881, that at a date considerably later than the payment of the tribute for 1878-79 the Porte had not drawn it from the Ottoman Bank, but had obtained a loan upon it. In the same manner the part of the tribute paid for the year 1879-80 had not been drawn by the Porte at a date much later than that of the payment by the Government of Cyprus to the Ottoman Bank, but an advance had been made by the Bank to the Porte upon its security.

My Lords would be glad if Her Majesty's Ambassador at Constantinople could ascertain whether these two sums have as yet been drawn. If they have not been drawn, my Lords would be glad to learn Lord Granville's opinion as to whether pressure should not be put upon the Porte to transfer them to Her Majesty's Government on account of the Tribute Guaranteed Loan of 1855.

I have, &c.
(Signed) F. CAVENDISH.

Inclosure in No. 23.

Lord F. Cavendish to Mr. Meade.

Sir, *Treasury Chambers, March* 20, 1882.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, for the information of Lord Kimberley, that they have considered your letter of the 4th instant, with its inclosures, on the subject of the payment due by Cyprus to the Porte under the Convention of June 1878. I am to say that they concur with the conclusions at which Lord Kimberley has arrived, and that they think that the Memorandum, a copy of which you inclose, should be forwarded to Her Majesty's Ambassador at Constantinople, to enable him to make the necessary communication to the Porte.

I am to add that my Lords are writing in the sense above indicated to the Foreign Office, and that they express to Lord Granville their hope that Her Majesty's Ambassador may be instructed to communicate the conclusions contained in the Memorandum as an ultimatum upon which further discussion will not be admitted, and to state at the same time that the balance of the tribute for 1879-80, in the hands of the Cyprus Government, the whole of the tribute for 1880-81, and that now falling due for 1881-82, will be remitted direct from Cyprus to England, for the purpose of recouping to the Governments of England and France, so far as it will do so, the sums advanced by these Governments in payment of interest and expenses on the Turkish Guaranteed Loan of 1855.

If the Secretary of State for Foreign Affairs should adopt the course suggested, my Lords will request Lord Kimberley to instruct Sir R. Biddulph to remit without delay the specified sums to the Bank of England, in order that the Guaranteed Loan account may be adjusted up to the latest date for which the accumulated tribute will suffice. It is necessary, therefore, to arrive at an understanding with Lord Kimberley as to the amounts due by the Government of Cyprus from the date of annexation, and not yet paid over or placed at the disposal of the Porte.

A broken year and three full years will have elapsed, on the 31st instant, since the annexation of the island.

My Lords understand from Sir R. Biddulph's letter of the 18th March, 1881, that the Cyprus Government lodged to the account of the Porte, at the Ottoman Bank, Constantinople, the sum of 7,402,625 piastres, on account of the year 1878-79. My Lords are of opinion that, in the absence of any representation from the Porte, the debt of the island for that year must be considered as closed. As regards the year 1879-80, a sum of 52,508*l.* has been paid to the Ottoman Bank for the Porte in part representation of a total sum due of 11,092,377 piastres. Sir R. Biddulph states, in his letter of the 18th March, 1881, that the balance, amounting to 35,654*l.*, awaits the order of Lord Kimberley.

My Lords would be glad to know whether the sum of 5,000*l.* separately due to the Porte on account of land revenue, was paid over to the Porte for that year. In the year 1880-81 a sum of 87,686*l.* is due, and 5,000*l.* on account of the land revenue contributions, and the same sum will shortly be due for 1881-82.

My Lords would be glad if these sums could now be remitted to this country, and they have asked the concurrence of the Secretary of State for Foreign Affairs (to

whom they send a copy of this letter) in that course. Should his reply be in the affirmative, my Lords would be glad to learn that Lord Kimberley will direct Sir R. Biddulph to remit the money without further delay.

I have, &c.
(Signed) F. CAVENDISH.

No. 24.

Lord Lyons to Earl Granville.—(Received March 22.)

(No. 247.)
My Lord, *Paris, March* 20, 1882.

WITH reference to my despatch No. 156 of the 21st ultimo, I have the honour to transmit to your Lordship a copy of a note from M. de Freycinet, stating that the French Government is ready to repay to Her Majesty's Government the French portion of the sum advanced for the charges of the Ottoman Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 24.

M. de Freycinet to Lord Lyons.

M. l'Ambassadeur, *Paris, le* 16 *Mars*, 1882.

LE Ministre des Finances, à qui j'ai communiqué la lettre que vous m'avez fait l'honneur de m'adresser le 21 du mois dernier, vient de m'écrire qu'il est prêt à mettre à la disposition du Trésor Anglais la part de garantie incombant au Gouvernement de la République pour l'Emprunt Ottoman de 1855, moyennant la production du décompte établissant la somme nette due par le Trésor Français.

Je m'empresse de faire part de cet avis à votre Excellence.

Agréez, &c.
(Signé) C. DE FREYCINET.

No. 25.

The Earl of Dufferin to Earl Granville.—(Received March 22.)

(No. 56.)
(Telegraphic.) *Constantinople, March* 21, 1882, 8·14 P.M.

THE representatives of the bondholders, whose official title is "Conseil de l'Administration de la Dette Publique Ottomane," have to-day taken over the Administration of the Six Contributions.

No. 26.

Memorandum respecting the Cyprus Surplus.—(Received from the Colonial Office, March 23.)

SECTION III of the Annex to the Convention of the 4th June, 1878, stipulates that "England will pay to the Porte whatever is the present excess of revenue over expenditure in the island, this excess to be calculated upon and determined by the average of the last five years, to be duly verified hereafter, and to the exclusion of the produce of State and Crown lands let or sold during that period."

The accompanying Tables show:—

(*a.*) The gross revenue for the five years prior to the occupation;
(*b.*) The expenditure; and
(*c.*) The receipts from the forced loan, extra taxes, &c., during the same period.

The revenue derived from the salines of Cyprus, and the expenditure connected with them, are alike excluded from the totals, as—the Turkish ports being shut against Cyprus salt—Her Majesty's Government do not consider that they are bound to pay the revenue formerly derived by Turkey from the sale of that salt in the Ottoman Empire; but they are willing to supply in kind at Larnaka each year to the Porte as much salt as will be equivalent to the average of the sales of Cyprus salt before the occupation, viz., 5,208 tons.

The cost of the transport of tithes is not entered in the Table (*c*). The agents of the Porte objected to the inclusion of this item among the deductions, and as the amount was insignificant and could not be ascertained with accuracy, Sir Robert Biddulph did not insist upon it.

The figures in the Tables were obtained by Sir R. Biddulph from Turkish sources, and may be taken as admitted by both parties to be correct.

(A.)—STATEMENT of General Receipts of the Island of Cyprus during the undermentioned Years.

Administrative Departments, and nature of their Receipts.	1289 (1873).	1290 (1874).	1291 (1875).	1292 (1876.)	1293 (1877).	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Financial Department—						
Verghi	2,250,351	4,582,050	4,611,152	2,576,067	3,352,777	
Exemption from military service	421,163	1,213,350	1,703,154	951,511	1,257,278	
Tithes	2,123,210	10,865,059	9,305,935	7,013,575	5,039,766	
Sheep tax	1,175,727	1,010,850	970,643	1,203,622	1,352,811	
Miscellaneous	1,321,938	2,918,448	2,668,963	1,303,920	1,066,031	
Total	7,292,389	20,589,757	19,259,847	13,048,695	12,068,663	72,259,351
Indirect Taxes—						
Customs	742,279	1,214,097	1,242,076	963,278	745,294	
Tobacco	34,628	460,812	1,100,788	1,154,379	1,005,044	
Wines, &c.	539,324	640,161	519,830	200,620	736,869	
Salt	*2,397,829*	*3,016,068*	*2,127,017*	*1,073,984*	*2,615,802*	*11,230,700*
Total	1,316,231	2,315,070	2,862,694	2,318,277	2,487,207	11,299,479
Posts and Telegraphs—						
Telegraphs	..	..	..	..	..	
Posts	970	1,647	1,479	1,857	2,686	
Total	970	1,647	1,479	1,857	2,686	8,639
Tribunal of Commerce ..	12,114	3,229	19,903	29,363	27,914	92,523
Marine Department—						
Lighthouses	..	..	..	..	..	
Port dues	282	11,185	11,610	9,458	4,725	
Total	282	11,185	11,610	9,458	4,725	37,260
Sanitary Department—						
Sanitary charges	36,196	51,396	92,127	35,793	37,287	252,799
General Total ..	8,658,182	22,972,284	22,247,660	15,443,445	14,628,482	83,950,051

N.B.—The salt revenue is shown in italics, and is not added into the general total, as it will be paid in kind and not in money.

(B.)—STATEMENT of General Expenditure of the Island of Cyprus during the undermentioned Years.

Administrative Departments, and nature of their Expenditure.	1289 (1873).	1290 (1874).	1291 (1875).	1292 (1876).	1293 (1877).	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Financial Department	2,273,097	2,210,303	2,159,002	2,041,112	2,342,504	11,026,018
Indirect taxes—						
1. Customs	337,141	400,278	442,827	438,228	429,185	2,047,659
2. Salt	*89,670*	*288,531*	*266,744*	*85,818*	*84,390*	*815,153*
Posts and Telegraphs	..	..	..	..	..	..
Tribunal of Commerce	12,114	3,229	19,903	29,363	27,914	92,523
Marine Department	282	9,807	4,627	2,256	3,019	26,991
Sanitary Department	36,196	51,396	92,127	35,793	37,287	252,799
General total	2,658,830	2,675,013	2,718,486	2,553,752	2,839,909	13,445,990

N.B.—The salt expenditure is shown in italics, and not added into the general total, as it is dealt with separately.

(C.)—EXTRA Taxes and others to be deducted from Amount of Receipts for the Five Years.

No.		1289 (1873).	1290 (1874).	1291 (1875).	1292 (1876).	1293 (1877).	Total.
		Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
1	Extra Quarter Tithes (2½ per cent.)	..	1,970,119	2,371,595	..	..	4,341,714
2	Weighing Tax	204,369	231,499	304,937	255,976	286,747	1,283,528
3	Revenue of Sheikh of Tékè ..	..	..	4,762	4,762	4,762	14,286
4	Transport of Tithes	..	..	..	..	..	..
5	Forced Loan	..	..	..	..	379,578	379,578
	Total	..	..	..	..	..	6,019,106
	Add amount of general expenses as above ..	..	..	..	..	..	13,445,990
	Total to be deducted from receipts for the five years ..	..	..	..	..	..	19,465,096

The questions which were still at issue between Sir R. Biddulph and the Delegates of the Porte, when the negotiations were terminated by his departure for Cyprus, on his appointment as High Commissioner, were:—

(1.) The amount of the expenses of the Tribunal of Commerce.

(2.) The deduction of the cost of the local garrison.

(3.) The amount to be deducted on account of the land revenues.

The question of the reduction of the caïmé receipts of the years 1876-77 and 1877-78 to their value in métallique had also, it may be remarked, not been fully dealt with.

These questions have been carefully considered, and Her Majesty's Government have arrived at the following conclusions.

Tribunal of Commerce.—With regard to the Tribunal of Commerce, it appears that, though the fixed salaries of the Judges and other officers of the Court always exceeded the amount of the Court receipts, the Turkish Government never paid any sums beyond those receipts, leaving the officials to bear the loss *pro rata* among themselves. The agents of the Porte argued that only the amount actually paid should be entered in the Table of expenditure.

As it is the view of Her Majesty's Government that the actual and not the estimated receipts and expenditure should be taken as the basis of all these calculations, they consider that the contention of the Turkish Agents was right and should be admitted.

Cost of the Troops.—The arguments brought forward on behalf of the Porte against the claim of Sir R. Biddulph to deduct the cost of the Turkish garrison of Cyprus from the surplus, are contained in a *note verbale* of the 14th August, 1879, addressed to Sir H. Layard. They are, briefly, that the garrison formed a part of the Imperial army, liable to service anywhere at the discretion of the Sultan, and that, if they were disbanded, the Porte would have to maintain the same number of soldiers elsewhere. As a matter of fact, these troops were never called upon to serve out of Cyprus, and they were disbanded immediately on the British occupation.

Further, the IIIrd Article of the Annex to the Convention makes no distinction between civil and military expenditure in Cyprus, and as the corps was disbanded upon the occupation of the island, and thus ceased to be any expense to the Sultan, the deduction of its cost from the surplus will not diminish the receipts passing into His Majesty's Treasury. In view of these circumstances, Her Majesty's Government are of opinion that the views of Sir R. Biddulph were right, and have determined that the average cost of the garrison ought to be included amongst the expenses to be deducted from the general receipts.

In estimating the deduction to be made on this account only, the average of the four years 1873–76 has been taken. The fifth year would have raised the average, and thus made it more favourable to Her Majesty's Government, but as only the expenses for four years were furnished to them by the Porte, they considered it best to base the amount of the deduction on figures which cannot be disputed.

The total cost of the garrison for the four years was 3,334,441 piastres, the mean of which, 833,610 piastres, is the amount to be deducted.

Land Revenue.—The statement in the Table (A) of the miscellaneous receipts

under the head of the Financial Department includes the receipts from the Defter-Khané, or lands the revenues of which were in practice paid to the credit of the personal income of the Sultan. These revenues were not included in the sum payable under Section III of the Annex to the Convention. The amount of the Defter-Khané revenues has, therefore, to be deducted from the receipts. A short experience, however, proved that the arrangement by which the public lands of the island were to remain in the hands of the Sultan's officials was very inconvenient, and a separate Convention was concluded on the 3rd February, 1879, by which all property, revenues, and rights reserved to the Ottoman Crown and Government under Article IV of the Annex to the Convention of the 4th June, 1878, were commuted for a fixed annual payment of 5,000*l.*

The actual receipts of the Defter-Khané for the five years 1873–77 were 1,090,095 piastres; but the Table produced by the Land Revenue Department at Constantinople as a basis of negotiation when the Convention of February was under discussion purported to show receipts amounting to 4,527,138 piastres. Sir R. Biddulph had been supplied with a copy of this Table, and in the negotiations with which he was charged he contended that the Porte was bound by the Table furnished by its officials, and that the sum of 4,527,138 piastres ought to be deducted from the statement of receipts. The Turkish Delegates, on the other hand, argued that the Convention of the 3rd February was a distinct transaction, and had nothing to do with the Annex to the Convention of the 4th June, and that the true figure of the receipts was the amount to be deducted. Her Majesty's Government are not prepared to agree with either contention. The effect of agreeing to the Turkish argument would be that England would have to pay too much, and the effect of adhering to the view of Sir R. Biddulph would be to pay too little. They agree with that officer that, in strictness, the Turkish Government is bound by the Table produced by its officers, but desiring to carry out in a liberal spirit the arrangement with Turkey, as explained by Lord Salisbury in his despatch of the 30th May, 1878, so that the receipts passing into the Treasury of the Sultan may not be diminished by the cession, they have decided that the proper sum to be deducted from the mean net receipts is the equivalent in métallique piastres (at the rate at which the tribute is to be converted into gold) of the 5,000*l.* which was agreed to be paid under the Convention of the 3rd February, 1879, for the land revenues. The rate of conversion, as will be shown, is 108 piastres 10 paras to the Turkish lira, and the equivalent of 5,000*l.* sterling will be 599,125 piastres.

Caïmé Receipts.—In the end of 1876 a large amount of paper money or "caïmé" was issued in Cyprus, which very rapidly became depreciated. A considerable portion of the revenue of the financial years 1876-77 and 1877-78 was received in this paper currency, and a small amount was expended in the payment of salaries, &c. These years thus appear to show a large increase of revenue, and it would obviously be unfair that in calculating the surplus payable to the Porte the caïmé receipts should be estimated at the same value as the métallique, or good money. This was admitted in principle by the Agents of the Porte at their meeting with Sir R. Biddulph, on the 3rd June, 1879, and the tithe revenue for 1877-78, which appeared at first as 11,012,777 piastres caïmé, was with their assent reduced to 5,039,766 piastres métallique. Her Majesty's Government are clearly of opinion that the other caïmé receipts of 1876-77 and 1877-78 should be treated in the same manner, the caïmé expenditure being similarly reduced.

During the year ended the 12th March, 1877, the caïmé receipts amounted to 3,784,364 piastres, and the caïmé expenditure to 433,064 piastres, leaving net receipts in caïmé 3,351,300 piastres. The average value of caïmé during that period was 167 piastres to the £T., which would give a gold value of £T. 20,560 for the net caïmé receipts of 1876-77.

Similarly, the caïmé receipts of 1877-78 (exclusive of the tithes already converted) amounted to 10,480,076 piastres, and the caïmé expenditure to 2,807,541 piastres, leaving net caïmé receipts for the year 7,672,535 piastres. The average value of caïmé during this financial year was 207 piastres to the £T., which would give a gold value for the net caïmé receipts of 1877-78 of £T. 37,065.

The total caïmé receipts to be allowed for will be:—

	Piastres.	£T.
1876-77	3,351,300	= 20,560
1877-78	7,672,535	37,065
Total	11,023,835	57,625

Assuming the average value of métallique to be 108 prs. 10 p. to the £T., 11,023,835 métallique piastres would be worth £T. 101,836. The difference, therefore, between the métallique and caïmé values of 11,023,835 piastres, or £T. 101,836 less £T. 57,625 = £T. 44,211, will give the sum to be struck off the five years' gold receipts, one-fifth of which, or £T. 8,842, will be the deduction to be made from the annual tribute. This, at 108 prs. 10 p. to the £T., is equivalent to 957,146 piastres.

The rate at which the tithes of 1877 were converted into métallique would be much more favourable to Her Majesty's Government, but they adopt the same rate throughout as they have taken for the conversion of the tribute.

The net sum payable to the Porte under section 3 of the Annex to the Convention will then be as follows:—

	Piastres.	Piastres.
Total receipts, 1873-77 (Table A)		83,857,523
General expenditure, extra taxes, &c. (Tables B and C)		19,372,578
Net receipts		64,484,955
One-fifth of which, equals		12,896,991
Mean cost of garrison	838,610	
Mean of land revenues	599,125	
Deduction on account of caïmé	957,146	
Revenue		2,389,881
Net sum payable		10,507,110

With regard to the rate at which this sum is to be converted into gold, it was suggested in the *note verbale* addressed to Sir H. Layard on the 14th August, 1879, that the average gold value of métallique for the five years the receipts of which are taken as the basis for the calculation of the tribute should be taken as the rate at which it should be converted into gold. Her Majesty's Government considered this proposal fair, and have obtained from the Ottoman Bank at Constantinople a list of all the quotations of métallique obtainable between the 13th March, 1873, and the 13th March, 1877. These values extend in a fairly regular manner over the period upon which the Tribute is estimated, and the resulting average ought, therefore, in the judgment of Her Majesty's Government, to be accepted. This average is 108 prs. 10 p. to the £T.

Converting 10,507,110 piastres into gold at this rate, the gold value of the tribute is £T. 97,063, or 87,686*l.*, the £T. being equal to 18s. 0·816*d.*

The total sum, therefore, annually payable to the Porte, under the Conventions of the 4th June, 1878, and the 3rd February, 1879, will be 87,686*l.* + 5,000*l.* = 92,686*l.*

Repayment of Forced Loan, 1877.—In 1877 a forced loan was taken in Cyprus, each individual being required to contribute a sum equal to the amount of his verghi. The amount collected in this way amounted to 197,163 piastres, and it was to be repaid in yearly instalments of 15 per cent., the Porte undertaking to furnish the contributors with coupons, which would be received in payment of taxes. These coupons were never sent to Cyprus, and Her Majesty's Government therefore decided to repay the contributors to this loan, and they have done so. They propose to reclaim the amount by a deduction of 15 per cent. of the sum originally raised (197,163 piastres) for eleven years, and 8·05 per cent. for the twelfth year, in accordance with the original scheme of repayment.

At the same time a sum of 182,415 piastres was collected from the pay of the Government officials, and Her Majesty's Government propose to deal with those who can prove that they contributed to this imprest, in the same way as with the payers of double verghi. Accounts of the sums disbursed in repayment will be annually sent to the Porte.

The total deductions on account of these repayments cannot exceed 56,936 piastres, or 475*l.* in any one year.

The exact amount within this limit cannot be estimated accurately in advance, as the number of claimants still in Cyprus is uncertain. A vouched account of the deductions will be furnished to the Porte each year, until the claim is extinguished.

No. 27.

The Earl of Dufferin to Earl Granville.—(Received March 27.)

(No. 105. Confidential.)

Constantinople, March 20, 1882.

My Lord,

FOR some time past a kind of triangular wrangle has been going on between the Porte, the Palace, and the Russian Ambassador, in regard to the war indemnity question.

After many meetings and endless contestations, the Ottoman Commissioners had agreed with the Russian Ambassador to an arrangement, with which he seems to have declared himself satisfied, under which an annual sum of about 360,000*l.* was to have been collected, through the medium of the Ottoman Bank, from the tithes and sheep tax of certain specified areas, the accounts being verified by a representative of a St. Petersburgh bank. The merit of this scheme, as explained to me by Assim Pasha, consisted in the fact that, although the Ottoman and Russian banks were thus brought into contact, the Ottoman Bank was interposed as a barrier to any pretension on the part of the Russian interest to interfere with the collection of the hypothecated revenues.

A Mazbata, embodying the results thus arrived at by the Commission, was forwarded to the Palace, and M. Novikoff was informed that an Iradé, conveying the Imperial sanction, would at once be issued. The Sultan, however, seems to have been dissatisfied with the work of his Commissioners, and having sent for M. Novikoff, opened with him a fresh negotiation, which was subsequently elaborated by one of His Majesty's Confidential Secretaries, Raghib Bey. I have not been able to ascertain the exact features of the Palace plan, but, when transmitted to the Porte, it was strongly objected to by the Ministers, on the ground that it secured to Russia far more favourable terms than M. Novikoff had already assented to. The principal vice of the Sultan's plan, according to Assim Pasha, consists in the facilities which are given to the St. Petersburgh financial representatives to reach their hands over the heads of the Ottoman Bank, and interfere with the administration and collection of the Turkish revenues upon which the annual payments are charged.

Another defective point in the Palace plan is that it assigns as security revenues whose amount is to be "largely" in excess of the annual indemnity payments, whereas the Porte had stipulated that the former were to exceed the latter by a definite percentage.

Both Said Pasha and Assim Pasha bitterly complain of the conduct of the Sultan in this matter. Although he imposes on them the obligation of sacrificing their plan to his own, he will not take upon himself any responsibility in regard to it, and has given them to understand that they must father the amended scheme.

In the meantime, M. Novikoff is equally dissatisfied. He will no longer consent to abide by the original plan of the Porte, and insists on the adoption of the one elaborated between himself and the Sultan, whom he now accuses of having inaugurated a fictitious negotiation, with the view of interposing fresh delays, in the hope that a war between Russia and Austria, in which Turkey will be the ally of the latter Power, may relieve him from the obligation of paying the indemnity at all.

So great has been the irritation caused at the Porte by the action of the Palace, that the Foreign Secretary describes his own position as "très pénible," and asserts that there is a question of the resignation *en bloc* of the whole Ministry, but I doubt whether there is anything very serious in the latter intimation.

I have, &c.

(Signed) DUFFERIN.

No. 28.

The Earl of Dufferin to Earl Granville.—(Received March 27.)

(No. 108.)

Constantinople, March 20, 1882.

My Lord,

I HAVE the honour to inform your Lordship that the French Chargé d'Affaires, to whom I communicated my note to the Sublime Porte on the subject of the non-payment of the interest on the Guaranteed Loan of 1855, states that he has addressed

the Ottoman Government in terms similar to those used by me, as reported in my despatch No. 147 of the 28th ultimo.

I have, &c.

(Signed) DUFFERIN.

No. 29.

Mr. Meade to Lord Tenterden.—(Received March 29.)

Downing Street, March 28, 1882.

My Lord,

WITH reference to your letter of the 21st December, on the subject of the amount of the surplus revenues of Cyprus payable to the Porte under the Convention of the 4th June, 1878, I am directed by the Earl of Kimberley to transmit to you, for the information of Earl Granville, the accompanying copies of correspondence on that subject between this Department and the Treasury.

I am, &c.

(Signed) R. H. MEADE.

Inclosure 1 in No. 29.

Lord F. Cavendish to Mr. Herbert.

Treasury Chambers, November 26, 1881.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, for the information of Lord Kimberley, that they have given their attentive consideration to your letter of the 31st ultimo on the subject of the Cyprus surplus due to the Porte under the Convention of 1878, and I am to say that they have much satisfaction in assenting generally to the proposals of the Secretary of State.

They think (1) that no advantage would be derived from further negotiation with the Porte, and that the conclusion which may now be arrived at by Her Majesty's Government should be announced to the Porte as final; (2) that the cost of the Turkish garrison should be deducted; (3) that the excess of expenditure in the Commercial Court for which Sir R. Biddulph contended, should not be pressed upon the understanding that the Turkish Government never paid anything beyond the actual receipts.

As, however, regards the deduction on account of Crown lands, my Lords entertain some doubt.

No doubt the Porte would not be in a position to complain if it was held strictly to its own statement of the facts; but my Lords observe from the Memorandum inclosed in your letter, that Sir H. Layard, not being able to verify the Turkish statement of 995,127 piastres, did not accept it implicitly, but settled the question by offering 5,000*l.* a-year, or 605,000 métallique piastres. My Lords would suggest that the Government of Cyprus should deduct from the surplus the same amount as that which Sir H. Layard accepted as the basis of his agreement.

My Lords agree further with the Secretary of State that the temporary deductions which you describe in paragraphs 18, 19, and 20 of the letter under reply should continue to be made.

My Lords see no reason to demur to the principle upon which Lord Kimberley proposes to fix the net sum payable to the Porte, but they may postpone further remarks upon this point until his Lordship shall have received the Report which you state (paragraph 23), he has desired Sir R. Biddulph to make.

I have, &c.

(Signed) F. CAVENDISH.

Inclosure 2 in No. 29.

Lord F. Cavendish to Mr. Herbert.

Treasury Chambers, February 6, 1882.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Earl of Kimberley, that the Turkish Government have

again failed to meet their engagement in respect of the Guaranteed Loan of 1855, and I am to point out that the deficit is now considerably more than 200,000*l.*

My Lords feel sure that the Secretary of State will see that it is most desirable to arrive at some agreement which will permit the accumulating Cyprus tribute to be appropriated in such manner as may appear proper to the diminution of this debt.

I have, &c.
(Signed) F. CAVENDISH.

Inclosure 3 in No. 29.

Mr. Meade to Lord F. Cavendish.

Downing Street, March 4, 1882.

My Lord,

I AM directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 26th November last, on the subject of the annual payment due from Cyprus to the Porte under the Convention of the 4th June, 1878.

2. In reply, I am to transmit to you, for the information of the Lords Commissioners of the Treasury, a copy of a letter from the Foreign Office on this subject, and I am to state that Lord Kimberley inclined to the opinion that the reduction on account of the Crown lands revenues should be the full amount set forth in the incorrect Table produced by the Agents of the Porte when the Convention of the 3rd February, 1879, was under discussion, but that he does not desire to offer any opposition to the view taken by their Lordships, which he considers should now be communicated to the Porte. I am further to inclose, for any observations which their Lordships may desire to offer, a copy of a Memorandum which has been prepared in this Department showing the conclusions which Her Majesty's Government have arrived at upon the various questions connected with the calculation of the tribute. Lord Kimberley proposes, if their Lordships concur, that a copy of this Memorandum should be sent to Her Majesty's Ambassador at Constantinople, with a view to assist him in making the necessary communication to the Porte on this subject.

3. With regard to the question raised in your letter of the 6th ultimo as to the appropriation of the tribute to meet the deficit in respect of the Guaranteed Loan of 1855, I am to state that the question is one which concerns the Foreign Office and the Treasury rather than this Department, and that when the amount of the tribute has been finally agreed upon, Lord Kimberley will cause it to be paid in such manner as their Lordships and the Secretary of State for Foreign Affairs may direct.

I am, &c.
(Signed) R. H. MEADE.

Inclosure 4 in No. 29.

Lord F. Cavendish to Mr. Meade.

Treasury Chambers, March 20, 1882.

Sir

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, for the information of Lord Kimberley, that they have considered your letter of the 4th instant, with its inclosures, on the subject of the payment due by Cyprus to the Porte under the Convention of June 1878. I am to say that they concur with the conclusions at which Lord Kimberley has arrived, and that they think that the Memorandum, a copy of which you inclose, should be forwarded to Her Majesty's Ambassador at Constantinople to enable him to make the necessary communication to the Porte.

2. I am to add that my Lords are writing in the sense above indicated to the Foreign Office, and that they express to Lord Granville their hope that Her Majesty's Ambassador may be instructed to communicate the conclusions contained in the Memorandum as an ultimatum upon which further discussion will not be admitted, and to state, at the same time, that the balance of the tribute for 1879-80 in the hands of the Cyprus Government, the whole of the tribute for 1880-81, and that now falling due for 1881-82 will be remitted direct from Cyprus to England for the purpose of recouping to the Governments of England and France, so far as it will do so, the sums advanced by these Governments in payment of interest and expenses on the Turkish Guaranteed Loan of 1855.

3. If the Secretary of State for Foreign Affairs should adopt the course suggested, my Lords will request Lord Kimberley to instruct Sir R. Biddulph to remit, without delay, the specified sums to the Bank of England, in order that the Guaranteed Loan Account may be adjusted up to the latest date, for which the accumulated tribute will suffice. It is necessary, therefore, to arrive at an understanding with Lord Kimberley as to the amounts due by the Government of Cyprus from the date of annexation, and not yet paid over or placed at the disposal of the Porte.

4. A broken year and three full years will have elapsed on the 31st instant since the annexation of the island.

5. My Lords understand from Sir R. Biddulph's letter of the 18th March, 1881, that the Cyprus Government lodged, to the account of the Porte, at the Ottoman Bank, Constantinople, the sum of 7,402,625 piastres on account of the year 1878-79. My Lords are of opinion that, in the absence of any representation from the Porte, the debt of the island for that year must be considered as closed. As regards the year 1879-80, a sum of 52,538*l.* has been paid to the Ottoman Bank for the Porte in part representation of a total sum due of 11,092,377 piastres. Sir R. Biddulph states in his letter of the 18th March, 1881, that the balance, amounting to 35,654*l.*, awaits the order of Lord Kimberley.

6. My Lords would be glad to know whether the sum of 5,000*l.* sterling, separately due to the Porte on account of land revenue, was paid over to the Porte for that year. For the year 1880-81 a sum of 87,686*l.* is due, and 5,000*l.* on account of the land revenue contribution, and the same sum will shortly be due for 1881-82.

7. My Lords will be glad if these sums could now be remitted to this country, and they have asked the concurrence of the Secretary of State for Foreign Affairs (to whom they send a copy of this letter) in that course. Should his reply be in the affirmative, my Lords would be glad to learn that Lord Kimberley will direct Sir R. Biddulph to remit the money without further delay.

I have, &c.
(Signed) F. CAVENDISH.

Inclosure 5 in No. 29.

Mr. Meade to Lord F. Cavendish.

Downing Street, March 28, 1882.

My Lord,

I AM directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 20th instant, on the subject of the payment due by Cyprus to the Porte under the Convention of June 1878 and the Supplementary Convention of the 3rd February, 1879.

2. With regard to the statement in the 5th paragraph of your letter respecting the payment for the broken period 1878-79, I am to request that you will call their Lordships' attention to the 26th paragraph of the letter from this Department of the 31st October last, and to the observations of the Turkish Government in regard to that payment, which will be found printed at p. 108 of the second part of the Foreign Office Confidential print, 1879, relating to Cyprus; and I am to state that Lord Kimberley presumes that their Lordships intend, unless the Porte renews the protest referred to, to regard the transaction for that period as closed.

3. The sum of 52,538*l.*, for which Sir R. Biddulph gave orders on the Ottoman Bank in 1880, in payment of the amount due in respect of the year 1879-80, included the 5,000*l.* due under the Convention of the 3rd February, 1879, relating to lands. These orders, however, as it would appear from the latest advices received from Cyprus as to the Bank balances, have never been cashed; and Sir R. Biddulph has stated, in his despatch of the 18th March, 1881, they could not be properly withdrawn. At all events, the orders are outstanding in the hands of the Ottoman Bank.

4. The balance to the credit of Cyprus is sufficient to meet these orders, in the event of their being cashed by the Bank or the Porte, and to pay the balance due in respect of the year 1879-80, and also the amounts of 87,686*l.* and 5,000*l.* due for the year 1880-81; but, as their Lordships will have perceived from the inclosures to the letter from this Department of the 21st instant, in regard to the estimates there will be only a small sum in hand to meet the payments for 1881-82, the first of which—87,686*l.*—fell due on the 13th instant, and the second of which will fall due on the 1st April. Lord Kimberley presumes that their Lordships do not wish that any payment should be made to the Bank of England or otherwise until Earl Granville

has expressed his opinion upon the proposal to present an ultimatum to the Porte, and until Her Majesty's Government have ascertained the views of the Porte with regard to their decision. It would be unsatisfactory and unfair to Cyprus to part with the tribute in the present circumstances, leaving the island liable to vague future claims on the part of the Sultan; and Lord Kimberley is of opinion that, before making any payment on this account, he ought to be placed in a position to assure the Cyprus Government that all claims of the Ottoman Government in respect of the years 1879-80 and 1880-81 will be finally extinguished by the payments which it is proposed to make; or that, if such an assurance cannot be given, that Her Majesty's Government should guarantee the island against any future claims.

5. I am to add that Lord Kimberley will take the earliest opportunity of informing their Lordships how much will be in hand on the 1st April towards meeting the payments for the year 1881-82.

I am, &c.
(Signed) R. H. MEADE.

No. 30.

The Earl of Dufferin to Earl Granville.—(Received April 3.)

(No. 210.)
My Lord, *Constantinople, March 22, 1882.*

IN my despatch No. 195, Confidential, of the 20th instant, I transmitted to your Lordship the distinction drawn by Assim Pasha between the respective arrangements arrived at at the Palace and at the Porte in regard to the Russian Indemnity question. I now give what may be regarded as the Russian appreciation of the difference.

Under the plan of the Porte the Ottoman Bank was to exercise the same kind of disciplinary control over the collectors of the mortgaged revenue as was exercised by the officers of the Six Indirect Contributions. It was to this that the Sultan objected, and in order to get rid of it, he agreed that the amount of the mortgaged revenues should be increased so as to augment the margin for possible deficits occasioned by the weakening of the Control.

M. Novikoff further bargained that the Ottoman Government should encash the whole of the said revenues, and keep at the disposal of the Porte merely the surplus after the payment of the annuity for the indemnity; and, thirdly, that no havalés should be granted on those revenues by the Ministry of Finance.

These stipulations were also incorporated in the Sultan's scheme.

I have, &c.
(Signed) DUFFERIN.

No. 31.

The Earl of Dufferin to Earl Granville.—(Received April 3.)

(No. 220.)
My Lord, *Constantinople, March 28, 1882.*

YESTERDAY the Russian Ambassador addressed a note to the Porte categorically demanding a settlement of the Indemnity question.

I have, &c.
(Signed) DUFFERIN.

No. 32.

Mr. Welby to Lord Tenterden.—(Received April 3.)

My Lord, *Treasury Chambers, March 31, 1881.*

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 23rd instant, notifying the readiness which exists on the part of the French Government to repay to Her Majesty's Government the portion due by that country for the year 1881-82 of the sum advanced for the charges of the Ottoman Loan of 1855.

In reply, I am to request that you will move the Secretary of State to convey to

he French Government their Lordships' acknowledgment of the courteous nature of the French reply to Lord Lyons' communication on the subject of the Turkish Guaranteed Loan, and to say that they will take an early opportunity of transmitting to the Foreign Office the account for which M. de Freycinet asks.

I have, &c.
(Signed) R. C. WELBY.

No. 33.

Earl Granville to Lord Lyons.

(No. 369.)
My Lord, *Foreign Office, April 4, 1882.*

WITH reference to your Excellency's despatch No. 247 of the 20th ultimo, I inclose, for your information and guidance, a copy of a letter from the Treasury on he subject of the Turkish Guaranteed Loan, and requesting that the French Government may be thanked for the courteous nature of their reply in the matter.*

I am, &c.
(Signed) GRANVILLE.

No. 34.

Lord Tenterden to Lord F. Cavendish.

My Lord, *Foreign Office, April 5, 1882.*

WITH reference to your letter of the 20th ultimo, relative to the question of the appropriation of the Cyprus Tribute to the payment of the liabilities of the Porte in respect of the Guaranteed Loan of 1855, I am directed by Earl Granville to request you to inform the Lords of the Treasury that he has received from the Colonial Office a copy of a letter addressed, by direction of the Earl of Kimberley, to their Lordships' Department on the 28th ultimo, from which it appears that Lord Kimberley is not prepared to concur at present in the course suggested in your letter to Mr. Meade of the 20th March, and that he is unwilling that Cyprus should part with the tribute without being guaranteed against any further claims by the Porte on account of the years 1879-80 and 1880-81.

I am to state that, under these circumstances, Lord Granville proposes to defer replying to your letter to this Office of the 20th ultimo until he is informed of the view which the Lords of the Treasury take of the points raised in Lord Kimberley's letter.

I am, &c.
(Signed) TENTERDEN.

No. 35.

The Earl of Dufferin to Earl Granville.—(Received April 19.)

(No. 278.)
My Lord, *Constantinople, April 12, 1882.*

YOUR Lordship is aware that amongst the securities assigned to the Turkish bondholders was the annuity derived from Eastern Roumelia. The Government of Eastern Roumelia was to pay for the first year, beginning on the 13th March, 1880, £T. 125,000, and for the succeeding years, £T. 245,000. It ought, therefore, to have paid on the 13th March of the current year £T. 370,000, but of this sum only £T. 92,000 has as yet been transmitted, thus leaving an unpaid balance of £T. 278,000.

The Roumelian Director of Finances has informed the Governor-General that the Provincial finances are in a very unsatisfactory condition, and that probably there will be a serious deficit at the end of the year.

It is a question, however, whether this statement is not a mere pretence on the part of the Local Administration for evading its pecuniary obligations.

A further difficulty has arisen with regard to the payment to the Council of Bond-

* No. 32.

holders of the £T. 100,000 which were stipulated as a substitute for the Bulgarian tribute. This payment was secured on the tobacco tithes, and the Imperial Decree expressly declares that it shall run from the 13th January, 1882, but the Ottoman Minister of Finance declines to make the stipulated payment on the ground that, inasmuch as the tithes of one year's crops cannot be collected before the following spring, the tithes which are now about to be sold belong to the past year; that therefore they must be paid into the Imperial Treasury, and that they cannot be handed over to the Bondholders' Council because they have been already disposed of in the Budget. The Council have replied that, if the tithes which are now about to be sold are not handed over to them, the Government must supply the stipulated sum in some other manner, and here the matter rests for the present.

I have, &c.
(Signed) DUFFERIN.

No. 36.

The Earl of Dufferin to Earl Granville.—(Received April 24.)

(No. 287.)
My Lord, *Constantinople, April 17, 1882.*

ASSIM PASHA informed me to-day that the difficulty with regard to the Russian indemnity question is still unsettled, though the dispute seems now to be reduced to a single issue, namely, as to whether or not the right of the Russian Bank to verify the accounts of the Ottoman Bank should be secured by an Article in the proposed Convention or guaranteed by a letter from the Prime Minister.

Assim Pasha maintains that, were the first alternative provided for in the Convention, it would hereafter supply Russia with an opportunity for interfering with the internal administration of the country, and this would be a very serious matter, as the payment of the annuity is to continue over so great a number of years.

On the other hand, he contends that, inasmuch as the covenanted arrangement assigns to Russia specific revenues, with an ample margin, as security for the annuity due to her, she is not entitled to demand anything more.

M. Novikoff is going home on a long leave, it is believed under summons from his Government, and M. Thörner accompanies him. It is said that this circumstance is causing some uneasiness at the Porte. M. Novikoff and M. Thörner dine to-night with the Sultan, but it is not probable I shall learn what passed at the Palace in time for to-morrow's mail.

I have, &c.
(Signed) DUFFERIN.

No. 37.

Lord Tenterden to Sir R. Lingen.

Sir, *Foreign Office, April 28, 1882.*

EARL GRANVILLE has had under his consideration Lord F. Cavendish's letter of the 20th March on the subject of the Cyprus tribute, together with the letter from your Department to the Colonial Office of the same date, and the Colonial Office Memorandum referred to in it; and I am directed by his Lordship to request you to inform the Lords of the Treasury that he has no objection to offer to the proposal that the sums due on account of the Cyprus tribute which have not been paid over to the Porte should be at once remitted to this country in order to be applied to the payment of the liabilities of the Turkish Government in respect of the Guaranteed Loan of 1855.

As regards the sums paid into the Ottoman Bank to the credit of the Porte on account of the tribute for 1878-79 and 1879-80, Lord Granville will be happy to direct Lord Dufferin to ascertain whether they have been drawn; but should this not be the case, he would wish to consult his Excellency before instructing him to put pressure on the Porte with the view of obtaining their transfer to Her Majesty's Government. It is believed that the Bank has made advances to the Turkish Government on the security of these payments, and the Porte might therefore, in its present financial condition, not be in a position to effect the transfer. It might, moreover, be a question whether it would not be desirable, in view of the probable difficulty of obtaining the repayment of

the sum of 7,402,625 piastres lodged in the Ottoman Bank on account of the year 1878-79, that the claim to it should not be pressed, and that Lord Dufferin should confine himself to urging the Turkish Government to carry into effect the offer made by them in December 1880 to apply the surplus revenue of Cyprus for 1879-80 to the payment of the interest on the 1855 Loan.

With regard to the proposal of their Lordships that the conclusions arrived at by Lord Kimberley, and embodied in the Colonial Office Memorandum, as to the amount at which the surplus revenue of Cyprus should be fixed, should be communicated to the Porte as final and as closing the discussion, I am to point out that Lord Dufferin informed them on the 4th August last that Her Majesty's Government would assume, until better informed, that the payment had been properly fixed by Sir R. Biddulph at 11,121,051 piastres. Further consideration has now convinced the Colonial Office that the amount should not exceed 10,507,110 piastres; and Lord Granville is inclined to think that, under these circumstances, it would be sufficient that Lord Dufferin, when he notifies to the Porte that the sums now held in by the Cyprus Government on account of the surplus revenue are about to be remitted to England, should communicate to them a copy of the Colonial Office Memorandum, and should state that it contains the conclusions to which Her Majesty's Government have come after a further careful consideration of the subject, and that the payments in reduction of the arrears of the 1855 Loan will be made on the basis indicated in the Memorandum.

I am, &c.
(Signed) TENTERDEN.

No. 38.

Musurus Pasha to Earl Granville.—(Received May 5.)

My Lord, *Ambassade Impériale Ottomane, Londres, le 4 Mai, 1882.*

AYANT transmis au Gouvernement Impérial les deux notes que votre Excellence a bien voulu m'adresser en date du 16 Août, 1881, et du 17 Février dernier, relativement au service des intérêts de l'Emprunt Garanti de 1855, je viens de recevoir de son Excellence Assim Pasha une dépêche par laquelle il m'invite à communiquer, en réponse à votre Excellence, ce qui suit:—

Les différentes sommes avancées par l'Angleterre et la France pour parfaire le montant nécessaire au service du dit emprunt du 1er Février, 1880, au 31 Janvier, 1882, s'élèvent à 203,809*l.* 2*s.* 4*d.* La Sublime Porte a décidé de rembourser ces avances au moyen de l'excédent des revenus de Chypre qui se monte, pour les trois Exercices de 1295, 1296, et 1297, à la somme de £T. 390,000, soit 354,545*l.* Défalcation faite des avances susmentionnées, il reste encore au crédit du Gouvernement Impérial une somme de 150,735*l.*, sur laquelle £T. 150,000 devront, par suite d'une décision du Ministère Impérial des Finances, être versées à l'Administration de la Dette Publique Ottomane, à défaut du tribut de la Bulgarie affecté au payement de cette dette.

Le Gouvernement de Sa Majesté la Reine est en conséquence prié de vouloir bien donner les ordres nécessaires pour que la somme susmentionnée de £T. 150,000 soit versée à l'Administration de la Dette Publique Ottomane.

J'ai, &c.
(Signé) MUSURUS.

No. 39.

Mr. Wyndham to Earl Granville.—(Received May 5.)

(Telegraphic.) *Constantinople, May 4, 1882, 6·15 P.M.*

FALL of Said Pasha is now said to be immediately connected with the Russian indemnity negotiations, which appear to be at a standstill.

Russian Ambassador told me to-day that change of Prime Minister would accelerate rather than delay his departure for St. Petersburgh.

No. 40.

Mr. Wyndham to Earl Granville.—(Received May 9, 11·20 A.M.)

(No. 78.)
(Telegraphic.) *Constantinople, May 9, 1882, 10·30 A.M.*

THE Iradé sanctioning the arrangements in regard to the Russian war indemnity was issued the day before yesterday.

No. 41.

Mr. Meade to Lord Tenterden.—(Received May 11.)

My Lord, *Downing Street, May 11, 1882.*

I HAVE laid before the Secretary of State for the Colonies your letter of the 5th instant, inclosing a copy of a letter from the Foreign Office to the Treasury of the 28th April respecting the Cyprus tribute, and I am to inclose, for Earl Granville's information, a copy of a letter which he has caused to be addressed to the Treasury suggesting an alteration of phrase in the proposed communication to the Porte on this subject, and informing the Lords Commissioners that a despatch is on its way from Sir R. Biddulph in regard to the payment for 1879-80.

I am, &c.
(Signed) R. H. MEADE.

Inclosure in No. 41.

Mr. Wingfield to Sir R. Lingen.

Sir, *Downing Street, May 10, 1882.*

I AM directed by the Earl of Kimberley to acquaint you that Earl Granville has caused him to be furnished with a copy of the Foreign Office letter to the Treasury of the 28th ultimo in regard to the Cyprus tribute.

2. With reference to the observation of the Foreign Office, that further consideration has convinced the Colonial Office that the amount of the surplus was 10,507,110 piastres, his Lordship would only observe that it would be desirable that, for greater accuracy, the phrase "equivalent to 10,507,110 metallique piastres" should be used, as, in his Lordship's opinion, the total number of piastres constituting the surplus is in fact not less than 11,121,951 piastres as calculated by Sir R. Biddulph, but more, that is to say, 11,464,256 piastres of all kinds, and it is by taking into account the depreciation of the caimé piastres included in the total that the reduction to 10,507,110 piastres (metallique) is arrived at. The point appears to his Lordship to be not without importance, as the letter from the Foreign Office implies on the face of it that further consideration has led the Colonial Office to form a lower estimate of the tribute than that mentioned by Earl Granville on the 4th August last, whereas the opposite has been the case—two deductions insisted on by Sir R. Biddulph having been abandoned in whole or in part, and the communication to the Porte should be so shaped as to make this apparent.

3. Lord Kimberley desires to take this opportunity of informing their Lordships that he has received a telegram from Sir R. Biddulph, intimating that a despatch is on its way from him, in which he argues that the tribute for 1879-80 (still unpaid) ought to be less than 88,000*l.* His Lordship presumes that this is considered to result from the reduction of the number of piastres from 11,121,951 (mixed) to 10,507,110 (metallique) piastres, and the conversion of the smaller number at the rate of 120 to the £ T., the rate of conversion proposed by Assim Pasha in his note of the 13th October, 1880, of which a copy is inclosed.

4. Their Lordships will probably await the receipt of Sir R. Biddulph's despatch before finally deciding the exact amount of the payment for 1880; but waiving all minor questions of detail, Lord Kimberley is prepared to direct the transfer in such manner and to such person as their Lordships may direct of all Cyprus funds in the hands of the Crown Agents, less a small sum to meet their estimated requirements for the month; and to instruct Sir R. Biddulph to remit 10,000*l.* a-week to the Crown Agents to be transferred by them in the same manner, on the understanding that such

acquittance and receipts will be given by their Lordships as will meet the requirements pointed out in the letter from this Office of the 28th March.

I am, &c.
(Signed) EDWARD WINGFIELD.

No. 42.

Lord Tenterden to Sir R. Lingen.

Foreign Office, May 12, 1882

Sir,

WITH reference to my letter of the 28th ultimo, I am directed by Earl Granville to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a note from the Turkish Ambassador at this Court, stating that his Government have decided to repay the advances made by the Governments of England and France on account of the 1855 Loan out of the Cyprus surplus, and requesting Her Majesty's Government to pay to the Administration of the Turkish debt the sum of £ T. 150,000, being a portion of the amount of 150,735*l.* which, according to their calculation, will remain over after paying the arrears.*

I am to request you to state to their Lordships that Lord Granville proposes, with their concurrence, to point out to Musurus Pasha, in reply to his note, that the arrears due on the loan amount to 224,565*l.*, and that the Cyprus surplus for the last three years, after deducting the sum of 52,538*l.* already paid to the credit of the Porte, is 220,996*l.*, leaving a balance against the Turkish Government of 3,569*l.*; and to add that a communication on the question of applying the Cyprus surplus to the 1855 Loan will shortly be sent to Her Majesty's Ambassador at Constantinople.

I am, &c.
(Signed) TENTERDEN.

No. 43.

Mr. Wyndham to Earl Granville.—(Received May 14, 5·30 P.M.)

(No. 88.)
(Telegraphic.) *Constantinople, May 14, 1882, 4·45 P.M.*

CONVENTION on Russian war indemnity was signed to-day.

No. 44.

Mr. Wyndham to Earl Granville.—(Received May 16.)

(No. 324. Confidential.) *Constantinople, May 4, 1882.*

My Lord,

VARIOUS rumours have been current as to the cause of the late change of Prime Minister, upon which the Earl of Dufferin has reported to your Lordship in his despatch No. 319 of the 3rd instant.

I now learn upon good authority that Said Pasha's dismissal from office was immediately connected with the Russian war indemnity negotiations.

The point at issue in these negotiations, which have been dragging on slowly for the last six months, appears to have been the right claimed by the Russian Government to appoint a Russian official to exercise a certain supervision over the receipts of the Imperial Ottoman Bank.

Upon this matter the Sultan's Ministers could not agree, and His Majesty therefore issued an order to them that they were to present to him a project in which they were unanimous. This they did, and the result was the fall of the Prime Minister.

The proposal of the Porte was, I understand, that if the State Bank of Turkey could arrange with that of Russia to receive a financial official, the Government here would offer no opposition, and M. de Novikoff asked that this arrangement, when come to, should be officially notified to him in a *note verbale*.

His Excellency, whom I saw to-day, expressed to me his regret at Said Pasha's dismissal, adding that the change of Prime Ministers would probably accelerate rather

* No. 38.

than retard his departure for St. Petersburgh, which his Excellency has contemplated for some time past.

If the Russian Ambassador returns home empty-handed, it will probably not tend to improve the relations between Russia and Turkey.

I have, &c.
(Signed) HUGH WYNDHAM.

No. 45.

Mr. Wyndham to Earl Granville.—(Received May 15.)

(No. 345.)
My Lord, *Constantinople, May 9, 1882.*

WITH reference to my despatch No. 287 of the 17th ultimo, I have the honour to report to your Lordship that the Iradé regarding the Russian indemnity appeared on the 7th instant.

I learn from an authentic source that the amount of the indemnity is fixed at 800,000,000 fr. (32,000,000*l.*), repayable by an annuity of £T. 350,000 (320,000*l.*), and without interest. Certain revenues, tithes, and sheep tax will be assigned to meet this annual payment, with a margin of 25 per cent. beyond the amount of the annuity —that is, the total amount assigned will be £T. 437,500 (about 414,000*l.*), on which the £T. 350,000 will be a first charge, and the balance will be held at the disposal of the Government.

The Imperial Ottoman Bank will be charged with the receipt of the revenues and the distribution of the proceeds: firstly, £T. 350,000 to the Imperial Bank of Russia for the use of the Russian Government; and, secondly, the balance to the Turkish Government.

The Imperial Bank of Russia will have the right to send employés to Constantinople to verify the accounts of the indemnity at the Ottoman Bank, but they may not in any way interfere in matters of administration.

I understand that so far nothing has been signed, but that the official documents are being prepared.

I have, &c.
(Signed) HUGH. WYNDHAM.

No. 46.

Mr. Herbert to Lord Tenterden.—(Received May 15.)

My Lord, *Downing Street, May 13, 1882.*

WITH reference to the letter from this Office of the 11th instant, I am directed by the Earl of Kimberley to transmit to you, to be laid before Earl Granville, the accompanying copy of a despatch from the High Commissioner of Cyprus on the subject of the tribute payments to Turkey, and of a letter which his Lordship has caused to be addressed to the Treasury; and I am to state that his Lordship will be glad to be informed, at Earl Granville's early convenience, whether he concurs in the course proposed to be taken as to the amount payable to the Porte for 1879-80.

I am, &c.
(Signed) ROBERT G. W. HERBERT.

Inclosure 1 in No. 46.

Sir R. Biddulph to the Earl of Kimberley.

My Lord, *Nicosia, April 29, 1882.*

IN Earl Granville's despatch to Mr. Goschen dated the 3rd March, 1881, printed in Parliamentary Paper, "Turkey No. 7 (1881)," it is stated that Her Majesty's Government agree to the payment for Cyprus Tribute for 1879-80 being calculated at 120 piastres per £T.

On receiving your Lordship's instructions to the same effect in Colonial Office despatch of the 3rd March, 1881, I stated in my reply of the 18th March, 1881, that

the sum thus payable would amount to 83,192*l.*, to which must be added the 5,000*l.* payable for lands, making a total of 88,192*l.*

In converting this sum of 83,192*l.* from piastres into gold no allowance was made for the caimé receipts, as has subsequently been decided by Her Majesty's Government, and I apprehend that in now making a settlement with the Treasury for the years 1879-80, 1880-81, and 1881-82, this should not be lost sight of.

2. The number of piastres has been finally fixed by Her Majesty's Government at 10,507,110, from which must be deducted 29,574 piastres for forced loan, leaving 10,477,536 piastres to be converted into £T. at 120. This will yield £T. 87,312, and when converted into sterling at 18*s.* 0·816*d.* will give 78,877*l.*, making, with the 5,000*l.* for lands, a total of 83,877*l.* for the year 1879-80, instead of 88,192*l.*, as shown in the statement rendered by the Auditor and Accountant-General, and transmitted with my despatch of the 24th instant.

3. There will also be the deductions on account of forced loan, which were not allowed for in the above-mentioned statement for the last two years, 1880-81 and 1881-82. The amount to be annually deducted for the double verghi is 29,574 piastres, being 15 per cent. on 197,163 piastres. Converting this sum at the rate laid down for all years subsequent to 1879-80, viz., $108\frac{12}{40}$ piastres per £T., and 18*s.* 0·816*d.* per £T., it will appear that the annual sum of 246*l.* 18*s.* must be deducted on this account. The statement of assets and liabilities which was rendered by last mail should therefore be amended as follows:—Tribute for 1879-80, 83,877*l.*; 1880-81, 92,440*l.*; 1881-82, 92,440*l.*, being a total diminution of 4,807*l.* from the liabilities, and a corresponding reduction of the balance against this Government.

4. I have this day received your Lordship's despatch of the 21st instant, and I have the honour to transmit a copy of a telegram just dispatched on this subject.

I have, &c.
(Signed) R. BIDDULPH.

Inclosure 2 in No. 46.

Sir R. Biddulph to the Earl of Kimberley.

Nicosia, April 29, 1882.

(Telegraphic.)
YOUR despatch No. 539.

The payment for 1879-80 should be less than 85,000*l.* instead of more. Despatch follows.

Inclosure 3 in No. 46.

Mr. Herbert to Sir R. Lingen.

Downing Street, May 13, 1882.

Sir,

WITH reference to the letter from this Office of the 10th instant, I am directed by the Earl of Kimberley to transmit to you a copy of a despatch from Sir R. Biddulph on the subject of the tribute payments to Turkey.

As the offer of the Turkish Government to accept payment for 1879-80 at 120 piastres to £T. was in the nature of a compromise, based evidently on the assumption that over 11,000,000 piastres would be converted, it appears to Lord Kimberley that it would not be desirable now to reopen the question as to the payment for 1879-80, especially as negotiations have been carried on for more than a year with the Turkish Government, on the assumption that the payment would be 85,000*l.* in round figures (exclusive of 5,000*l.* for lands), and papers have been presented to Parliament in which the sum of 85,000*l.* is mentioned repeatedly as the sum due. If the Lords Commissioners of the Treasury and Earl Granville concur in this view, Lord Kimberley would propose to inform Sir R. Biddulph accordingly. I am at the same time to remind you that a question is still before their Lordships as to whether the amount is to be 85,000*l.*, the round sum originally mentioned by the Porte, or 83,192*l.*, which is the sum calculated exactly on the basis of the compromise proposed by the Turkish Government.

When Lord Kimberley is in possession of their Lordships' views as to the amount of the payment to the Porte for 1879-80, he will be in a position to inform them of

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the exact amount which, in his opinion, it will be requisite to ask Parliament to vote this year in aid of the expenses of the Cyprus Government.

I am, &c.
(Signed) ROBERT G. W. HERBERT.

No. 47.

Lord Tenterden to Mr. Herbert.

Sir, *Foreign Office, May 24, 1882.*

I LAID before Earl Granville your letter of the 13th instant, and I am directed by his Lordship to request that you will inform the Earl of Kimberley that he concurs in the view expressed in the Colonial Office letter to the Treasury of the same date, inclosed in your letter, that it is not desirable to reopen the question of the amount of the Cyprus surplus for the year 1879-80.

Lord Granville has caused a copy of this letter to be forwarded to the Lords Commissioners of Her Majesty's Treasury for their information.

I am, &c.
(Signed) TENTERDEN.

No. 48.

Mr. Meade to Lord Tenterden.—(Received May 30.)

My Lord, *Downing Street, May 29, 1882.*

WITH reference to previous correspondence on the subject of the tribute payments from Cyprus to the Porte, I am directed by the Earl of Kimberley to transmit to you, to be laid before Earl Granville, a copy of a despatch and its inclosures from the High Commissioner of Cyprus reporting that certain payments, amounting at the authorized rate of conversion, to 296*l.*, have been made in Cyprus on behalf of the Porte, and I am to suggest that at the proper time Her Majesty's Ambassador at Constantinople should be instructed to remind the Porte of the circumstances connected with these payments, and to state that it is proposed to deduct them from the tribute payments now due, at the same time inquiring whether it is the wish of the Turkish Government that the Cyprus Government should continue to pay their pensions to the Turkish officers mentioned by Sir R. Biddulph.

A copy of this letter with its inclosures has been sent to the Board of Treasury.

I am, &c.
(Signed) R. H. MEADE.

Inclosure 1 in No. 48.

Sir R. Biddulph to the Earl of Kimberley.

My Lord, *Nicosia, May 10, 1882.*

ON the 21st May, 1879, a despatch was received by my predecessor from Her Majesty's Ambassador at Constantinople inclosing copy of a *note verbale* from the Sublime Porte dated the 19th May, 1879, in which it was requested that certain pensions might be paid to four retired military officers of the Turkish army living in Cyprus, and the amount deducted annually from the tribute paid to Turkey.

I directed these accounts to be made up annually on the 31st March for deduction from the tribute, but by some oversight in the Office of the Auditor and Accountant-General this has never been done, and I have now the honour to transmit statements showing the amounts due on the 31st March, 1882.

It will be observed that besides the pensions there was a further sum of 70 piastres paid last year in order to cash an order given from Constantinople on the "Beit-ul-Mal." Whenever any person dies without heirs in the Ottoman Empire the property left by him is paid into the Treasury to an account called the "Beit-ul-Mal," and should the lawful heir subsequently appear and establish his claim, the amount is repaid to him. In the present instance the sum of 70 piastres had thus been paid into the Treasury of

Cyprus some years ago (before the British occupation), and the Sublime Porte having acknowledged the claim of Ahmed Mirabout, I consider it was only right to cause the order to be cashed here in the ordinary way.

The total sum due to this Government is 35,512 métallique piastres, and I purpose with your Lordship's permission to deduct the amount from the payment shortly to be made on account of the last three years. Its value in sterling at the authorized rate of conversion will be 296*l.*

The receipts for all the payments in question are here, and can be forwarded when required.

I have, &c.
(Signed) ROB. BIDDULPH.

Inclosure 2 in No. 48.

Extract from a Note from the Sublime Porte.

Sublime Porte, Ministère des Affaires Etrangères, le 19 Mai, 1879.

À LA suite des démarches de l'Ambassade de Sa Majesté Britannique, la Sublime Porte avait saisi le Département des Finances de la question du service des traitements alloués par le Gouvernement Impérial à certains militaires en retraite résidant à Chypre.

Son Excellence Zuhdi Effendi vient de transmettre à cet effet au Ministère des Affaires Etrangères les quatre titres ci-joints, destinés aux Capitaines Ali et Mehmed et aux Lieutenants Salih et Mustapha Agha. En vertu de ces titres, ces militaires auront droit à toucher mensuellement, à dater du $\frac{6}{18}$ Décembre dernier, les deux premiers 250 piastres chacun, dont 5 piastres seront retenues au profit du Trésor, et les deux seconds, 208½ piastres, dont 4 piastres seront également retenues. Ces paiements seront inscrits au compte du Gouvernement Impérial et régularisés au moyen de l'excédant des revenus de l'île.

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En portant ce qui précède à la connaissance de l'Ambassade de Sa Majesté la Reine, le Ministère des Affaires Etrangères la prie de vouloir bien faire dans ce but les communications nécessaires à son Excellence Sir Garnet Wolseley, en lui transmettant en même temps, pour être remis aux destinations, les quatre titres dont il s'agit.

Inclosure 3 in No. 48.

STATEMENT of Sums to be recovered from the Porte on account of Payments made to the under-mentioned Military Pensioners in accordance with a Despatch from Her Britannic Majesty's Ambassador dated Therapia, 21st May, 1879.

Name.	From December 18, 1878, to March 31, 1879.	From April 1, 1879, to March 31, 1880.	From April 1, 1880, to March 31, 1881.	Total.
	Métal. pias.	Métal. pias.	Métal. pias.	Métal. pias.
Captain Ali	845·20	2,940	2,940	6,725·20
Captain Mehmed	845·20	2,940	2,940	6,725·20
Lieutenant Salih	705·20	2,448	2,448	5,601·20
Lieutenant Mustapha	705·20	2,448	2,448	5,601·20
Total	3,102	10,776	10,776	24,654

(Signed) HILGROVE C. NICOLLE,
Assistant-Auditor.

April 22, 1881.

Inclosure 4 in No. 48.

STATEMENT of Sums to be recovered from the Porte on account of Payments made during the Year ending 31st March, 1882.

Nature of Payment.	Amount.
	Métal. pias.
Military pensions—	
Captain Ali	2,940
Captain Mehmed	2,940
Lieutenant Salih	2,454*
Lieutenant Mustapha	2,454*
Repayment of "Beit-ul-Mal" to Ahmed Mirabout (Souret attached)	70
Total	10,858

(Signed) W. CORBY,
Auditor and Accountant-General.

Nicosia, Cyprus, May 2, 1882.

No. 49.

Mr. Meade to Lord Tenterden.—(*Received June 1.*)

My Lord, *Downing Street, May 31, 1882.*

I AM directed by the Earl of Kimberley to transmit to you, to be laid before Earl Granville, the accompanying copy of a despatch from Her Majesty's High Commissioner in Cyprus relative to a small claim of one Halil Hilmi Effendi against the Turkish Government, together with a copy of a former despatch from Sir R. Biddulph on the same subject, addressed to Earl Granville and by him communicated to Her Majesty's Ambassador at Constantinople in a despatch of the 12th June, 1880. Lord Kimberley would suggest that Her Majesty's Ambassador at Constantinople should be instructed at the proper time to request the Porte to remit the money to Cyprus to meet the claim, or to allow the Cyprus Government, as suggested by Sir R. Biddulph, to deduct the payment from the tribute of 1882-83, which will be due on the 13th March 1883.

I am, &c.
(Signed) R. H. MEADE.

Inclosure 1 in No. 49.

Sir R. Biddulph to Earl Granville.

My Lord, *Nicosia, May 22, 1880.*

IN Sir Garnet Wolseley's despatch of the 22nd November, 1878, application was made for the authority to pay the salaries of several Turkish officials in the island to whom arrears of pay were due by the Ottoman Government. This money has since been transmitted to me by the Sublime Porte for distribution to the officials in question.

It appears that there still remains one of these officials to whom 1,600 piastres (arrears of pay for the months of March, April, May, and June, 1878) are still due.

This person, Halil Effendi, was then in the service of the Ottoman Government as Vaconat clerk of the Nahié of Khrisofou, in the Caza of Papho. His name was not included in the former list owing to his absence from the district when the list was drawn up.

As his present claim is fully substantiated, I would beg your Lordship to refer his case to the favourable consideration of the Porte. His absence from Papho was due to the fact of his having been summoned to Nicosia by Sanieh Pasha.

I have, &c.
(Signed) ROB. BIDDULPH, *Major-General, High Commissioner.*

* 204½ piastres per month. The fraction appears to have been rejected in 1879-80 and 1880-81, making a difference of 6 piastres.—R. B.

Inclosure 2 in No. 49.

Sir R. Biddulph to the Earl of Kimberley.

My Lord, *Government House, Nicosia, May 12, 1882.*

I HAVE the honour to state that no answer has as yet been received to my despatch of the 22nd May, 1880, in the latter part of which it was requested that the case of one Halil Hilmi, who is entitled to the sum of 1,600 piastres from the Turkish Government, on account of arrears of pay due to him for four months' service in the year 1878, may be referred to the Sublime Porte for its favourable consideration.

I have the honour to bring this case again to the notice of Her Majesty's Government, having received a further petition on the subject from Halil Hilmi, and I would suggest that I should be allowed to pay the man and deduct the amount from the surplus revenue of 1882-83.

I have, &c.
(Signed) ROB. BIDDULPH.

No. 50.

The Earl of Dufferin to Earl Granville.—(*Received June 5.*)

(No. 385. Confidential.) *Constantinople, May 24, 1882.*

My Lord,

I HAVE the honour to transmit herewith to your Lordship a copy of the Convention which has been signed by the Russian and Ottoman Plenipotentiaries for the definite settlement of the Russian war indemnity question.

I was only able to obtain this copy from the Sublime Porte on the understanding that it should be considered as an unofficial and confidential communication.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 50.

Russian War Indemnity Convention.

SA Majesté l'Empereur des Ottomans et Sa Majesté l'Empereur de Toutes les Russies, désirant, en exécution de l'Article IV du Traité signé entre la Turquie et la Russie le [illegible] 1879, régler définitivement par une Convention le mode de paiement de l'indemnité de guerre Russe et la garantie à y affecter, ont nommé pour leurs Plénipotentiaires;

Sa Majesté l'Empereur des Ottomans, d'une part, Mehemmed Assim Pasha, Son Muchir, &c.; et Mahmoud Server Pacha, Son Muchir, &c.;

Sa Majesté l'Empereur de Toutes les Russies, de l'autre, le Sieur Eugène Novikow, Son Ambassadeur Extraordinaire et Plénipotentiaire près Sa Majesté Impériale le Sultan, Conseiller Privé Actuel, &c.; et le Sieur Théodore de Thornet, membre du Conseil du Ministère des Finances et Directeur du Département de la Trésorie de l'Empire, Conseiller Privé, &c., lesquels, après s'être communiqué leur pouvoirs, sont tombés d'accord sur les Articles suivants:—

ARTICLE I.

La somme de 802,500,000 fr. qui, aux termes de l'Article IV du dit Traité, constitue le montant de l'indemnité de guerre Russe, sera payée par le Gouvernement Ottoman au moyen de versements annuels de £ T. 350,000. Il est convenu que cette somme de £ T. 350,000 sera affectée en entier à l'amortissement du capital de l'indemnité de guerre. Accédant au désir du Gouvernement Ottoman, le Gouvernement Russe consent à ne pas réclamer en même temps d'intérêt sur le dit capital.

ARTICLE II.

Le Gouvernement Ottoman déclare que l'annuité stipulée de £ T. 350,000 sera prélevée spécialement sur la dîme et la taxe des moutons.

ARTICLE III.

Les dîmes et la taxe des moutons affectées au paiement de l'indemnité de guerre devront être assignées sur les vilayets ou Mutessarifliks dans lesquels la Banque Impériale Ottomane possède des succursales ou des agents.

ARTICLE IV.

Les sommes ainsi assignées au paiement de l'indemnité de guerre dans chaque vilayet ou Mutessariflik devront être 25 pour cent. inférieures à la totalité du rendement des dites taxes dans les dites localités.

ARTICLE V.

La totalité du rendement net des dites taxes dans les vilayets et Mutessarifliks en question, c'est-à-dire la somme qui restera après déduction des frais de perception des taxes mêmes, sera versée directement et en entier par l'autorité locale chargée de cette perception dans les dits vilayets ou Mutessarifliks, aux Caisses de la Banque Impériale Ottomane ou à l'agent de la dite banque en vertu d'un ordre spécial et permanent sanctionné par Iradé Impérial.

Cependant, si les revenus des taxes des moutons et des dîmes affectés à l'indemnité de guerre venaient à fournir un excédent supérieur au 25 pour cent accordé, dans ce cas la Banque Impériale Ottomane sera tenue d'abandonner au Ministère des Finances des cazas dont le revenu des taxes des moutons et des dîmes doit égaler l'excédent éventuel susindiqué.

Par contre, si ces mêmes revenus subissaient une diminution assez forte, pour que l'excédent de 25 pour cent ne puisse pas être réalisé, alors le Ministre des Finances Ottoman s'engage à assigner à la Banque Impériale Ottomane de nouveaux cazas dont les revenus des taxes des dîmes et des moutons suffisent pour parfaire le déficit en question.

ARTICLE VI.

La Banque Impériale Ottomane sera tenue de faire avec la Banque Impériale de Russie un arrangement spécial pour les opérations de la Banque Ottomane à Constantinople concernant le paiement de l'indemnité de guerre.

ARTICLE VII.

La Direction de la Banque Impériale Ottomane sera obligée, dès la signature de la Convention, à retenir tout d'abord au fur et à mesure des rentrées des taxes des moutons et des dîmes, la somme assignée pour l'indemnité de guerre Russe, et tiendra immédiatement à la disposition de l'Administration locale tout surplus de chaque vilayet, après que la part qui en revient au paiement de l'indemnité de guerre aura été prélevée et mise de côté pour le compte de la Banque Impériale de Russie.

ARTICLE VIII.

Le Gouvernement Impérial Ottoman s'engage à interdire à son Ministère des Finances, ainsi qu'à l'Administration du vilayet ou du Mutessariflik d'émettre des *havalés*, chèques, et autres ordres de paiement sur les taxes des moutons et sur les dîmes ainsi assignées dans les localités indiquées.

ARTICLE IX.

Par suite de l'arrangement intervenu, la partie de la taxe des moutons et des dîmes assignée au paiement de l'indemnité Russe ne figurera au Budget Ottoman qu'à titre d'entrée et sortie ("irad masraf").

ARTICLE X.

En conséquence des Articles III et IV de la présente Convention, il sera assigné au paiement des annuités stipulées les revenus sous-indiqués des vilayets d'Alep,

de Konieh, de Castamouni, d'Adana, et de Sivas, revenus dont les frais de perception ont déjà été déduits.

	Revenus Nets.		
	Taxe des Moutons.	Dîmes.	Total.
	£ T.	£ T.	£ T.
Alep	40,000	..	40,000
Konieh	..	138,000	138,000
Castamouni	..	110,000	110,000
Adana	..	70,000	70,000
Sivas—	£ T.		
Sandjak de Sivas	55,000		
Sandjak de Tokad	20,000		
Sandjak de Kara Hissar Charki—			
Caza de Kara Hissar	4,500	..	79,500	79,500
Caza de Sou Chekri			
	79,500		
Total	40,000	397,500	437,500

Sur ce total, £ T. 350,000 représentent le montant de l'annuité et le reste sert de garantie supplémentaire de 25 pour cent aux termes des Articles V et VIII de la présente Convention.

ARTICLE XI.

Le Gouvernement Impérial Ottoman conserve le droit de substituer, en cas de nécessité, aux localités désignées d'autres localités, après une entente préalable avec la Banque Impériale Ottomane sur les sécurités de rentrée qui doivent être les mêmes. Avis officiel en sera immédiatement donné au Gouvernement Impérial de Russie.

ARTICLE XII.

Le présent Acte sera ratifié, et les ratifications en seront échangées à St. Pétersbourg dans l'espace de deux semaines, ou plus tôt si faire se peut.

En foi de quoi, les Plénipotentiaires de Turquie et de Russie y ont apposé leurs signatures et le sceau de leurs armes.

Fait à Constantinople, le 25 Djemazi-ul-Akhiré, 1299, de l'hégire, et $\frac{7}{19}$ Mai, 1882.

(L.S.) M. ASSIM. (L.S.) NOVIKOW.
(L.S.) SERVER. (L.S.) THORNER.

No. 51.

The Earl of Dufferin to Earl Granville.—(*Received June* 12.)

(No. 108.) *Constantinople, May* 31, 1882.

My Lord,

I HAVE the honour to transmit herewith to your Lordship a copy of a Notice which has been issued by the Administrative Council of the Ottoman Debt, announcing the first payment of interest on the 15th July next.

I have, &c.

(Signed) DUFFERIN.

Inclosure in No. 51.

CONSEIL D'ADMINISTRATION DE LA DETTE PUBLIQUE OTTOMANE.

Avis.

(Obligations des Chemins de Fer de la Turquie d'Europe.)

EN exécution de l'Article 13 du Décret Impérial du $\frac{8}{20}$ Décembre, 1881, un premier paiement (à-compte) de 100 fr. pour les lots sans primes, et de 25 pour cent

du montant des primes, des obligations sorties aux tirages des 1er Février, 1er Avril, et 1er Juin, 1882, aura lieu à partir du 15 Juillet prochain :—

À Paris, à la Banque Impériale Ottomane ;
À Constantinople, à la Banque Impériale Ottomane ;
À Vienne, à la Banque Anglo-Autrichienne ;
À Rome, à la Banque Romaine ;
À Amsterdam, à la Banque de Paris et des Pays-Bas ;
À Francfort, chez MM. Bethmann, Frères.

Les obligations sorties devront être déclarées aux susdits établissements jusqu'à la date du 20 Juin. Passé ce délai, les porteurs seront exposés, pour le paiement, au retard que nécessitera l'envoi des certificats par le Conseil d'Administration.

Chaque titre présenté devra être muni de tous ses coupons, à partir de celui du 1er Avril, 1876, inclus. Les coupons manquants pourront être remplacés par d'autres de la même échéance. Les obligations subiront une réduction de 3 fr. par coupon manquant.

Les porteurs recevront, au moment du paiement, un certificat donnant droit à un solde payable à la fin de l'Exercice 1882-83. Ce solde—qui sera payé aux mêmes établissements—dépend des rentrées ultérieures et des sommes qui seront affectées aux lots Turcs, selon les proportions du capital réduit.

No. 52.

Lord Tenterden to Mr. Herbert.

Sir, *Foreign Office, June 12, 1882.*

EARL GRANVILLE has had before him your letter of the 29th ultimo regarding certain payments made in Cyprus on behalf of the Porte, and suggesting that Her Majesty's Ambassador should be instructed to remind the Turkish Government of the circumstances of those payments, and state that it is proposed to deduct them from the tribute payments now due, and to ask whether they wish the Cyprus Government to continue to pay the pensions to the Turkish officers.

I am directed by Earl Granville to request that you will state to the Secretary of State for the Colonies that the terms in which the communication to the Porte on the question of the Cyprus tribute not having yet been finally settled with the Lords Commissioners of Her Majesty's Treasury, Lord Granville does not consider that it will meanwhile be advisable to address the Porte with regard to matters of the nature referred to in your letter under reply, but the subject will be borne in mind, and his Lordship will, later on, direct Lord Dufferin to bring it to the notice of the Porte.

I am, &c.
(Signed) TENTERDEN.

No. 53.

Sir E. Thornton to Earl Granville.—(Received July 17.)

(No. 228.)
My Lord, *St. Petersburgh, July 13, 1882.*

I HAVE the honour to inform your Lordship that the ratifications of the Convention between Russia and Turkey for the settlement of the mode of payment of the war indemnity due by the latter, which was recently concluded and signed at Constantinople, were exchanged yesterday at St. Petersburgh by M. de Giers and the Turkish Ambassador to this Court.

I have, &c.
(Signed) EDWD. THORNTON.

No. 54.

The Earl of Dufferin to Earl Granville.—(Received August 7.)

(No. 89. Commercial.)
My Lord, *Constantinople, July 26, 1882.*

I HAVE the honour to transmit herewith to your Lordship a copy of a Tabular Statement showing the receipts of the Administration of the Ceded Revenues during the first half-years of 1881 and 1882, which has been given me by Mr. Vincent.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 54.

TABLE showing Receipts of the Administration of the Ceded Revenues during the first half-years of 1881 and 1882.

Revenues.	1881, first half-year.	1882, first half-year.	Increase.
	Piastres.	Piastres.	Per cent.
Tobacco	34,890,405	37,666,603	7·962
Salt	20,401,586	23,839,867	16·852
Fisheries	845,190	1,209,205	43·069
Silk	386,309	448,444	16·084
Stamps	4,359,606	4,474,090	2·626
Spirits	7,526,340	9,532,966	26·666
Total	68,409,436 = £T. 684,094	77,173,174 = £T. 771,731	12·810

(*a.*) During the first half-year of 1881 Thessaly formed part of the Ottoman Empire, and gave to the Administration of the Six Contributions a net revenue of £T. 17,500.

(*b.*) Since April all export of tobacco to Egypt from Turkey has ceased. The loss to the Administration under this head up to the 30th June may be estimated at £T. 20,000.

No. 55.

Mr. Courtney, M.P., to Lord Tenterden.—(Received August 11.)

My Lord, *Treasury Chambers, August 10, 1882.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Lord Granville, and with reference to his letter of the 28th April last, that they have requested the Secretary of State for the Colonies to direct the Government of Cyprus to pay over to the Imperial Government the amount of the surplus revenue of the island due to the Porte, but not as yet placed at its disposal.

The surplus revenue which has been placed at the disposal of the Porte consists, as Lord Granville will recollect, of the whole sum due for 1878-79, and of a sum of 52,538*l.*, part of the amount due for 1879-80. The former has apparently been accepted; the latter has not been accepted by the Porte, but forms part of the balance to the credit of the Cyprus Government at the Ottoman Bank, but liable to be drawn at any moment, so long as the order placing it at the disposal of the Porte is outstanding.

In the letter of the 28th April above mentioned Lord Granville expressed a doubt whether any claim should be put forward for the surplus revenue or tribute of 1878-79, and my Lords do not accordingly propose to urge that point. But Lord Granville thought that Lord Dufferin might be desired to press the Porte to carry into effect the offer made by it in December 1880, and to apply the surplus revenue of 1879-80 to the payment of the interest on the Loan of 1855.

Since then, however, Mussurus Pasha has addressed a note to the Secretary of State which appears to my Lords to alter the case. In that note, a copy of which was forwarded to the Treasury in the Foreign Office letter of the 12th May, the Ambassador states that "La Sublime Porte a décidé à rembourser ces avances" (viz., the advances

made by the Guaranteeing Governments in respect of the Loan of 1855) "au moyen de l'excédent des revenus de Chypre."

It is true that the Ambassador miscalculates the amount of the surplus revenue, and assumes it at 130,000*l.*, which would satisfy the claim of the Guaranteeing Governments and leave a balance for the Porte. This miscalculation does not, however, appear to my Lords to affect the principle of the decision thus taken by the Turkish Government, viz., that the surplus revenue of Cyprus shall be applied to make good the advances made by England and France in respect of the Loan of 1855; and they have accordingly asked the Colonial Office to instruct the Cyprus Government to cancel their order, placing the sum of 52,538*l.* at the disposal of the Porte, with a view to the remittance of that sum to the Home Government, together with the tribute not as yet placed at the disposal of the Porte. The actual remittance home, however, of this sum of 52,538*l.* will not be ordered until the consent of Lord Granville has been obtained.

My Lords have only to add that if this order is given, it will enable them to clear the accounts of the Guaranteed Loan in a very satisfactory manner, and will render it easier hereafter to propose a scheme for a resettlement of that loan in a manner advantageous alike to the Porte and to the Guaranteeing Governments. My Lords trust, therefore, that their suggestion may receive the favourable consideration of the Secretary of State.

I have, &c.
(Signed) LEONARD COURTNEY.

No. 56.

Mr. Meade to Lord Tenterden.—(Received August 17.)

My Lord, *Downing Street, August 16, 1882.*

WITH reference to your letter of the 28th April, inclosing printed copies of the Memorandum which it is proposed that Her Majesty's Ambassador at Constantinople should communicate to the Porte as embodying the views of Her Majesty's Government on the subject of the Cyprus tribute, I am directed by the Earl of Kimberley, as the time is now approaching when that Memorandum will probably be presented, to suggest that the Earl of Dufferin should be requested to inquire, when communicating the Memorandum, whether it is the intention of the Turkish Government to send for and take away the salt, produce of the salines of Cyprus, which is part of the tribute, and which Her Majesty's Government propose to pay in kind, and, if so, at what dates Turkish ships will be sent to Cyprus for this purpose. About 10,000 tons are in hand, the rest would have to be raised.

It is important that an early and definite answer should be received from the Porte to these inquiries for various urgent reasons which it is unnecessary to state here.

I am further to suggest that as the Foreign Office, Treasury, and Colonial Office are now agreed that the payments for 1879-80 should be fixed at 85,000*l.* + 5,000*l.*, a paragraph should be added to the Memorandum adverting to the fact that the payment for 1879-80 will amount to 90,000*l.* in all, in accordance with the understanding arrived at between the Representatives of Her Majesty's Government and the Porte in the autumn of 1880 and the spring of 1881.

I am, &c.
(Signed) R. H. MEADE.

No. 57.

Mr. Courtney, M.P., to Lord Tenterden.—(Received August 22.)

My Lord, *Treasury Chambers, August 21, 1882.*

WITH reference to a recent letter from this Department to the Secretary of State on the subject of the Cyprus surplus tribute, the Lords Commissioners of Her Majesty's Treasury observe that they did not specifically reply to Lord Granville's question in his letter of the 12th May, asking their concurrence in the reply which he proposed to send to Musurus Pasha's letter of the 4th May.

His Excellency, after stating that the Porte has decided to repay the advances

made by the Governments of England and France on account of the Guaranteed Loan of 1855 out of the Cyprus surplus, calculates those advances to the 31st January, 1882, at 203,809*l.* 2*s.* 4*d.*, and the accumulated surplus at 354,545*l.*, and he asks that the difference may be paid over to the Porte.

I am to suggest that his Excellency should be informed that the advances on account of the 1855 Loan by the two Governments amount at present to 266,014*l.*, and that the balance of tribute due to the Porte is 274,880*l.* up to the 31st March, 1882, including the sum of 52,538*l.* placed at the disposal of the Porte as part of the surplus revenue of 1879-80, but not accepted by the Porte.

It should be stated that Her Majesty's Government, acting on the intention of the Porte as expressed in Musurus Pasha's letter of the 4th May, have desired the Government of Cyprus to withdraw their order placing that sum at the disposal of the Porte, and (assuming Lord Granville's concurrence in this further action) that Her Majesty's Government propose to remit it to England in order to complete the liquidation of the Turkish debt to the two Powers up to date.

I have, &c.
(Signed) LEONARD COURTNEY.

No. 58.

Sir E. Thornton to Earl Granville.—(Received August 23.)

(No. 265.)
My Lord, *St. Petersburgh, August 21, 1882.*

I HAVE the honour to transmit herewith copies of a translation, which appeared yesterday in the "Journal de St. Pétersbourg," of the Convention which was signed at Constantinople on the 2nd/14th May last between Russia and Turkey, relating to the mode of payment of the war indemnity due by the latter to Russia.

I have, &c.
(Signed) EDWD. THORNTON.

Inclosure in No. 58.

Extract from the "Journal de St. Pétersbourg" of August 7/19 and 8/20, 1882.

St. Pétersbourg, le 7 Août, 1882.

LE "Bulletin des Lois" publie le texte que voici de la Convention conclue à Constantinople le 2/14 Mai, 1882, entre la Russie et la Turquie par rapport au paiement de l'indemnité de guerre, texte accompagné de la ratification de Sa Majesté l'Empereur, et du procès-verbal dressé à l'occasion de l'échange des ratifications :—

"Sa Majesté l'Empereur de Toutes les Russies et Sa Majesté l'Empereur des Ottomans, désirant, en exécution de l'Article IV du Traité signé entre la Russie et la Turquie le 27 Janvier/8 Février, 1879, régler définitivement, par une Convention, le mode de paiement de l'indemnité de guerre Russe et la garantie à y affecter, ont nommé pour leurs Plénipotentiaires :

"Sa Majesté l'Empereur de Toutes les Russies, d'une part, le Sieur Eugène Novicow, son Ambassadeur Extraordinaire et Plénipotentiaire près Sa Majesté Impériale le Sultan, Conseiller Privé actuel, &c.; et le Sieur Théodore de Thœrner, Membre du Conseil du Ministre des Finances, Directeur du Département de la Trésorerie de l'Empire, Conseiller Privé, &c.;

"Et Sa Majesté l'Empereur des Ottomans, de l'autre, Mehmed Assim Pacha, son Muchir, &c.; et Mahmoud Server Pacha, son Muchir, &c.;

"Lesquels, après s'être communiqué leurs pouvoirs, sont tombés d'accord sur les Articles suivants :—

"ARTICLE I.

"La somme de 802,500,000 fr., qui aux termes de l'Article IV du dit Traité constitue le montant de l'indemnité de guerre Russe, sera payée par le Gouvernement Ottoman au moyen de versements annuels de £ T. 350,000. Il est convenu que cette somme de £ T. 350,000 sera affectée en entier à l'amortissement du capital de l'indemnité de guerre. Accédant au désir du Gouvernement Ottoman, le Gouvernement Russe consent à ne pas réclamer en même temps d'intérêt sur le dit capital.

"ARTICLE II.

"Le Gouvernement Ottoman déclare que l'annuité stipulée de £ T. 350,000 sera prélevée spécialement sur la dime et la taxe des moutons.

"ARTICLE III.

"Les dîmes et la taxe des moutons affectées au paiement l'indemnité de guerre devront être assignées sur les vilayets ou Moutessarifliks dans lesquels la Banque Impériale Ottomane possède des succursales ou des agents.

"ARTICLE IV.

"Les sommes ainsi assignées au paiement de l'indemnité de guerre dans chaque vilayet ou Moutessariflik devront être 25 pour cent inférieures à la totalité du rendement des dites taxes dans les dites localités.

"ARTICLE V.

"La totalité du rendement net des dites taxes dans les vilayets et Moutessarifliks en question, c'est-à-dire la somme qui restera après déduction des frais de perception des taxes mêmes, sera versée directement et en entier par l'autorité locale chargée de cette perception dans les dits vilayets et Moutessarifliks, aux Caisses de la Banque Impériale Ottomane, ou à l'agent de la dite Banque, en vertu d'un ordre spécial et permanent sanctionné par Iradé Impérial.

"Cependant, si les revenus des taxes des moutons et des dîmes, affectés à l'indemnité de guerre, venaient à fournir un excédent supérieur au 25 pour cent accordé, dans ce cas la Banque Impériale Ottomane sera tenue d'abandonner au Ministère des Finances des cazas, dont le revenu des taxes des moutons et des dîmes doit égaler l'excédent éventuel sus-indiqué.

"Par contre, si ces mêmes revenus subissaient une diminution assez forte pour que l'excédent de 25 pour cent ne puisse pas être réalisé, alors le Ministre des Finances Ottomans s'engage à assigner à la Banque Impériale Ottomane de nouveaux cazas dont les revenus des taxes des dîmes et des moutons suffisent pour parfaire le déficit en question.

"ARTICLE VI.

"La Banque Impériale Ottomane sera tenue de faire, avec la Banque Impériale de Russie, un arrangement spécial pour les opérations de la Banque Ottomane à Constantinople, concernant le paiement de l'indemnité de guerre.

"ARTICLE VII.

"La Direction de la Banque Impériale Ottomane sera obligée, dès la signature de la Convention, à retenir tout d'abord, au fur et à mesure des rentrées des taxes des moutons et des dîmes, la somme assignée pour l'indemnité de guerre Russe, et tiendra immédiatement à la disposition de l'Administration locale tout surplus de chaque vilayet, après que la part qui en revient au paiement de l'indemnité de guerre aura été prélevée et mise de côté pour le compte de la Banque Impériale de Russie.

"ARTICLE VIII.

"Le Gouvernement Impérial Ottoman s'engage à interdire à son Ministère des Finances, ainsi qu'à l'Administration du vilayet ou du Moutessarillik, d'émettre des havalés, chèques, et autres ordres de paiement sur les taxes des moutons et sur les dîmes ainsi assignées dans les localités indiquées.

"ARTICLE IX.

"Par suite de l'arrangement intervenu, la partie de la taxe des moutons et des dîmes assignée au paiement de l'indemnité Russe ne figurera au Budget Ottoman qu'à titre d'entrée et sortie ("irad masraf").

"ARTICLE X.

"En conséquence des Articles III et IV de la présente Convention, il sera assigné au paiement des annuités stipulées les revenus sous-indiqués des Vilayets d'Alep, de Konieh, de Castamouni, d'Adana, et de Sivas—revenus dont les frais de perception ont déjà été déduits:—

REVENUS NETS.

		Taxe des Moutons.	Dîmes.	Total.
		£. T.	£. T.	£. T.
Alep		40,000	..	40,000
Konieh		..	138,000	138,000
Castamouni		..	110,000	110,000
Adana		..	70,000	70,000
Sivas—	£. T.			
Sandjak de Sivas	55,000			
Sandjak de Tokad	20,000	..	79,500	79,500
Sandjak de Karahissar-Charki				
Caza de Karahissar ..	4,500			
Caza de Sou-Chehri ..				
		40,000	397,500	437,500

"Sur ce total, £ T. 350,000 représentent le montant de l'annuité et le reste sert de garantie supplémentaire de 25 pour cent aux termes des Articles V et VIII de la présente Convention.

"ARTICLE XI.

"Le Gouvernement Impérial Ottoman conserve le droit de substituer, en cas de nécessité, aux localités désignées, d'autres localités, après une entente préalable avec la Banque Impériale Ottomane sur les sécurités de rentrée qui doivent être les mêmes. Avis officiel en sera immédiatement donné au Gouvernement Impérial de Russie.

"ARTICLE XII.

"Le présent acte sera ratifié et les ratifications en seront échangées à St. Pétersbourg, dans l'espace de deux semaines, ou plus tôt, si faire se peut.

"En foi de quoi les Plénipotentiaires de Russie et de Turquie y ont apposé leurs signatures et le sceau de leurs armes.

"Fait à Constantinople, le $^{2}/_{14}$ Mai, 1882.

(Signé) "NOVICOW. (L.S.) (Signé) "M. ASSIM. (L.S.)

(Signé) "THŒRNER (L.S.) (Signé) "SEIVER." (L.S.)

Ici se place la formule de ratification par Sa Majesté l'Empereur, en date du 29 Juin, 1882, suivie du procès-verbal ci-dessous:—

"Procès-Verbal.

"Les Soussignés, Nicolas de Giers, Secrétaire d'État, Sénateur, Conseiller Privé actuel, Ministre des Affaires Étrangères, et Chakir Pacha, Ambassadeur Extraordinaire et Plénipotentiaire de Sa Majesté l'Empereur des Ottomans près Sa Majesté l'Empereur de Russie, se sont réunis à l'Hôtel du Ministère des Affaires Étrangères pour procéder à l'échange des actes de ratification de la Convention signée à Constantinople le $^{2}/_{14}$ Mai, 1882.

"Après lecture des instruments respectifs, lesquelles ont été reconnus textuellement conformes à l'acte original, l'échange de l'acte ratifié par Sa Majesté l'Empereur de Russie le 29 Juin, 1882, contre l'acte ratifié par Sa Majesté l'Empereur des Ottomans le 9 Djemaziul-akhire, 1299 de l'Hégire, a eu lieu selon l'usage.

"En foi de quoi les Soussignés ont dressé le présent procès-verbal, et l'ont revêtu du cachet de leurs armes.

Fait à St. Pétersbourg, le 30 Juin, 1882.

(Signé) "GIERS. (L.S.) (Signé) "CHAKIR." (L.S.)

No. 59.

The Earl of Dufferin to Earl Granville.—(Received September 3.)

(No. 840.)

My Lord, *Therapia, August 27, 1882.*

THE Council for the Administration of the Ottoman Public Debt decided, at a meeting held on the 19th instant, that the payment of interest should be resumed.

The value of the coupon will be two-thirds on the reduced capital, representing the eight months during which the Council has been in existence (January to August 1882), at the rate of 1 per cent. per annum.

I have the honour to inclose a copy of the official notice.

The Council here is doing its best to conciliate the divergent views held by the London and Paris Committees, neither side appreciating that an open conflict would prove disastrous to their interests.

I learn that the relations of the Council with the Porte are very friendly; the Prime Minister stated lately that the Ottoman Government was much gratified at the way the Administration was being carried on, and that its measures met with their full approval.

I have, &c.
(For the Earl of Dufferin),
(Signed) HUGH WYNDHAM.

Inclosure in No. 59.

Notice.

PAR décision du Conseil d'Administration de la Dette Publique Ottomane, le public est informé que le paiement de l'intérêt dû sur les Emprunts Ottomans, le $^{1}/_{15}$ Septembre prochain, pour huit mois d'exercice, à raison de 1 pour cent par an sur le capital réduit, sera fait—

1. Sur les titres enregistrés des Emprunts Ottomans de 1858, 1860, 1862, 1863-64, 1865, 1869, 1872, 1873, et Dette Générale;

2. A la suite de l'acceptation par la Sublime Porte de la conversion facultative et partielle, sur les titres non enregistrés, contre leur présentation et apposition d'une estampille ainsi conçue:—

"Titre soumis aux dispositions du Décret Impérial du $^{8}/_{20}$ Décembre, 1881, et aux décisions ultérieures, prises par le Conseil d'Administration de la Dette Publique Ottomane, pour la conversion."

Les Établissements Payeurs dans les pays où l'enregistrement n'aurait pas encore commencé, seront tenus de faire toutes facilités à ceux des porteurs qui préfèrent l'enregistrement à la conversion.

Un avis affiché aux guichets des Établissements Payeurs fera connaître ultérieurement les montants revenant aux diverses coupures des titres enregistrés et non enregistrés.

No. 60.

Sir J. Pauncefote to Mr. Herbert.

Sir, *Foreign Office, September 4, 1882.*

WITH reference to the last paragraph of your letter of the 16th ultimo, suggesting that a paragraph should be added to the Memorandum respecting the Cyprus surplus stating that the payment for 1879-80 will amount to 90,000*l.*, I am directed by Earl Granville to request that you will move the Secretary of State for the Colonies to cause his Lordship to be informed, at his earliest convenience, where the proposed additions should come in.

Lord Granville would also be glad to know whether the Colonial Office have any final alterations to propose before the Memorandum is reprinted.

A copy of the Memorandum is inclosed herewith.*

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

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* No. 20.

No. 61.

Sir J. Pauncefote to Sir R. Lingen.

Foreign Office, September 21, 1882.

Sir,

LORD GRANVILLE has had under his consideration your letters of the 10th and 21st August relating to the decision which has been taken to apply the accumulated surplus revenue of Cyprus to the discharge of the Porte's liabilities on account of the 1855 Loan, and I am directed by his Lordship to request you to inform the Lords of the Treasury that he concurs in the instruction which it is proposed to give to Sir R. Biddulph to cancel the order by which the sum of 52,538*l.* was placed at the disposal of the Porte on account of the surplus for 1879-80, and to remit the amount to this country.

Drafts of a despatch to Lord Dufferin instructing him to notify to the Porte the decision of Her Majesty's Government, and of a note to Musurus Pasha in reply to his communication of the 4th May, are inclosed for the concurrence of their Lordships.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

P.S.—It appears that, with the addition of the 52,538*l.*, the sum to be remitted on account of the Cyprus surplus will be more than sufficient to cover the arrears due on the loan, and that there will be a small annual surplus each year, after discharging the liabilities of the Porte to the French and English Governments.

Lord Granville would wish to be informed whether the Lords of the Treasury desire that any reference to this surplus, and to the manner in which it will be applied, should be added to the note to Musurus Pasha.

In the event of their Lordships deciding to appropriate it to the repayment of the ransoms of Colonel Synge and Mr. Suter, should such intention be notified to the Porte? And should any statement be added as to the disposal of the annual surplus after the ransoms have been repaid?

No. 62.

Sir J. Pauncefote to Mr. Herbert.

Foreign Office, September 21, 1882.

Sir,

WITH reference to your letter of the 10th ultimo and previous correspondence respecting the surplus revenue of Cyprus, I am directed by Earl Granville to forward to you, for the concurrence of the Earl of Kimberley, the drafts of three despatches which he proposes to address to the Earl of Dufferin on the subject.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

Inclosure 1 in No. 62.

Draft of Despatch from Earl Granville to the Earl of Dufferin.

(No. .) *Foreign Office, September , 1882.*

My Lord,

I HAVE to request your Excellency, when you make the communication to the Porte, in accordance with the instruction in my despatch No. of this day, to inquire whether it is the intention of the Turkish Government to send for and take away the salt, produce of the salines of Cyprus, which is part of the surplus revenue of the island, and which Her Majesty's Government propose to pay in kind, and, if so, at what dates Turkish ships will be sent to Cyprus for this purpose.

The Government of the island are anxious for an early and definite answer to this inquiry.

I am, &c.

F.O. 425
PUBLIC RECORD OFFICE, LONDON

Inclosure 2 in No. 62.

Draft of Despatch from Earl Granville to the Earl of Dufferin.

(No. .)

My Lord, *Foreign Office, September* , 1882.

WITH reference to my despatch No. of the , I inclose, for your Excellency's information, copies of two letters from the Colonial Office,* the one relating to certain payments for pensions which have been made in Cyprus on account of the Turkish Government, which it is proposed to deduct from the payments on account of surplus revenue, the other to arrears of salary due to a former Turkish official; and I have to request your Excellency to address communications to the Porte on these matters in the sense desired by the Colonial Office, using your discretion as to the mode and time of making them.

I am, &c.

Inclosure 3 in No. 62.

Draft of Despatch from Earl Granville to the Earl of Dufferin.

(No. .)

My Lord, *Foreign Office, September* , 1882.

WITH reference to your Excellency's despatch No. of the 9th August, 1881, forwarding a copy of the note in which you informed the Porte of the decision of Her Majesty's Government to instruct the High Commissioner at Cyprus to suspend any further payments on account of the surplus revenue, I inclose, for your information, copies of the correspondence marked in the margin with the Treasury and the Colonial Office,† from which you will see that Her Majesty's Government are of opinion that the time has come when the sums due on account of the surplus revenue of Cyprus should be transmitted to this country to be applied to the repayment of the advances made by the English and French Governments on account of the Guaranteed Loan of 1855.

I have accordingly to instruct your Excellency to notify to the Porte, that Her Majesty's Commissioner in Cyprus has been directed to remit to this country the accumulated surplus up to the 31st March last, including the sum of 52,538*l.* which was placed at the disposal of the Turkish Government as part of the surplus revenue of 1879-80, but was not accepted by them.

You will at the same time communicate to the Porte the Memorandum, of which printed copies are inclosed, stating that it contains the conclusions as to the amount of the surplus and the rate at which it is to be converted into gold to which Her Majesty's Government have come after a further careful consideration of the subject, and that the payments on account of the 1855 Loan will be made on the basis indicated therein.

I inclose a copy of a note from Musurus Pasha,‡ stating that the Porte had decided to reimburse the advances made by England and France out of the surplus revenues of Cyprus. It would be desirable that you should refer to this statement in your communication to the Turkish Government.

A copy of my reply to Musurus Pasha is also annexed.

I am, &c.

No. 63.

Sir J. Pauncefote to Sir R. Lingen.

Sir, *Foreign Office, September* 21, 1882.

LORD GRANVILLE has had under his consideration your letters of the 16th and 21st August, relating to the decision which has been taken to apply the accumulated surplus revenue of Cyprus to the discharge of the Porte's liabilities on account of the 1855 Loan, and I am directed by his Lordship to request you to inform the Lords of the Treasury that he concurs in the instruction which it is proposed to give to Sir R. Biddulph to cancel the order by which the sum of 52,538*l.* was placed at the disposal of the Porte on account of the surplus for 1879-80, and to remit the amount to this country.

* Nos. 43 and 45.

† Nos. 23, 26, 29, 34, 37, 41, 46, and 47.

‡ No. 38.

Drafts of a despatch to Lord Dufferin, instructing him to notify to the Porte the decision of Her Majesty's Government, and of a note to Musurus Pasha, in reply to his communication of the 4th May, are inclosed for the concurrence of their Lordships.*

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 64.

Mr. Cole to Sir J. Pauncefote.—(Received October 2.)

Treasury Chambers, October 2, 1882.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 21st ultimo, and I am to express their satisfaction at learning the concurrence of Lord Granville in their proposal to cancel the order placing 52,538*l.* at the disposal of the Porte on account of the Cyprus surplus revenue of 1879-80.

My Lords agree in the terms of the despatches which it is proposed to address to Lord Dufferin and Musurus Pasha.

They think it would be proper to intimate to the Porte that any surplus remaining after discharging the claims of the Guaranteed Loan of 1855 will be applied yearly to the extinction of the debt owing by the Porte, on account of the ransoms of Messrs. Synge and Suter.

I have, &c.

(Signed) J. H. COLE.

No. 65.

Mr. Cole to Sir J. Pauncefote.—(Received October 2.)

Treasury Chambers, October 2, 1882.

Sir;

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Secretary of State, with reference to your letter of the 21st ultimo and previous correspondence on the appropriation of the surplus revenue of Cyprus to the charge of the Turkish Guaranteed Loan, that a considerable sum has now been received from the Cyprus Government on account of the accumulated surplus of late years due to the Porte, and that my Lords propose in the first instance to repay to the French Government the advance made by it on account of the said Loan and still outstanding. My Lords compute the amount of their advance at 30,501*l.* 1*s.* 3*d.*

My Lords would be glad if Lord Granville will inform the French Government accordingly that Her Majesty's Government hold the sum of 30,501*l.* 1*s.* 3*d.* at their disposal, and will direct its transfer to the credit of that Government, as soon as they learn the method in which it is desired that the transfer should be made.

The Secretary of State will perhaps refer to the letter addressed to Lord Lyons by Mr. Barthélemy St. Hilaire on the 26th January, 1881, inclosed in Lord Lyons' despatch No. 74 of the 27th January, 1881, which sets forth the arrangement made when this advance was last under consideration.

I am to add that my Lords would wish it to be pointed out that Her Majesty's Government, though consenting under present arrangement to apply the surplus revenue of Cyprus to meet the charge of the Turkish loan guaranteed by the Governments of France and England, do so without prejudice to future disposal of that surplus; that if at any future time they think right to propose to the Porte a different appropriation of the sum due yearly by the Government of Cyprus to the Porte they are free to do so, and that the application of the surplus which is now proposed implies no engagement on their part in the future.

I have, &c.

(Signed) J. H. COLE.

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* Inclosure 2 in No. 62 and No. 70.

PUBLIC RECORD OFFICE, LONDON

No. 66.

Mr. Herbert to Sir J. Pauncefote.—(Received October 7.)

Sir, *Downing Street, October 7*, 1882.

I AM directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 21st September, inclosing, for his Lordship's concurrence, drafts of three despatches which Earl Granville proposes to address to Her Majesty's Ambassador at Constantinople with reference to the surplus revenue of Cyprus.

In reply, I am to state to you, for the information of Lord Granville, that Lord Kimberley concurs in the terms of the draft despatch relating to the payment of the salt revenue in kind, and also in the terms of the draft despatch on the subject of the disposal of the accumulated surplus revenue of Cyprus for the three years 1879-80, 1880-81, 1881-82, with certain verbal alterations which have been suggested in the draft.

These corrections are rendered desirable, in Lord Kimberley's opinion, because it cannot accurately be said that the surplus revenue has, as a whole, been transmitted to this country, the Parliamentary grant of 90,000*l.* having been handed to the Crown Agents and paid to the Cyprus Surplus Revenue account with the Paymaster-General, and an arrangement having been made with the War Office for the payment of 50,000*l.* to the same account in exchange for an advance of an equal amount to the Army Paymaster in Cyprus.

With reference to the third draft despatch, I am to observe that Lord Kimberley, in compliance with the wish expressed by the Lords Commissioners of the Treasury that the accounts of the surplus revenue should not be allowed to become further complicated, has recently addressed a despatch to the High Commissioner, which should have been previously communicated to you, and of which I now inclose a copy, suggesting that the small claim of Halil Hilmi Effendi should be arranged separately and without the intervention of Her Majesty's Government.

With regard to the question of the payments for pensions, I am to state that Sir R. Biddulph has lately been called upon to report whether or not the pensioners are native Cypriots and served in Cyprus or elsewhere, and that Lord Kimberley is awaiting the receipt of the High Commissioner's reply to enable him to decide whether these pensions should be paid by the Cyprus Government or not. Pending such decision, it would appear to be desirable to suspend any communication to the Porte on the subject.

In these circumstances Lord Kimberley desires to suggest, for Lord Granville's consideration, that the despatch relating to the case of Halil Hilmi Effendi and the pensioners should not be sent at present.

I am to request that this Department may be furnished with copies of the draft despatches, which are herewith returned.

I am, &c.
(Signed) ROBERT G. W. HERBERT.

Inclosure in No. 66.

The Earl of Kimberley to Sir R. Biddulph.

Sir, *Downing Street, August 14*, 1882.

I HAVE to acknowledge the receipt of your despatch of the 12th May respecting the arrears of pay due to Halil Hilmi Effendi by the Turkish Government which you had proposed to pay, and did not, from the tribute.

You will have learnt from the correspondence inclosed in my despatch of this date that the Treasury object to deductions of this kind being made from the tribute payments as further complicating a matter which is already extraordinarily involved, and I have therefore to suggest either that Halil Hilmi Effendi apply direct to the Porte for the sum that is due to him, or that you should write to Lord Dufferin on his behalf, asking his Lordship if he can arrange with the proper Turkish officials at the Porte to have this small claim discharged separately.

I have, &c.
(Signed) KIMBERLEY.

No. 67.

Earl Granville to the Earl of Dufferin.

(No. 610.) *Foreign Office, October 18*, 1882.

My Lord,

WITH reference to your Excellency's despatch No. 671 of the 9th August, 1881, forwarding a copy of the note in which you informed the Porte of the decision of Her Majesty's Government to instruct the High Commissioner at Cyprus to suspend any further payments on account of the surplus revenue, I inclose, for your information, copies of the correspondence, marked in the margin, with the Treasury and the Colonial Office,* from which you will see that Her Majesty's Government are of opinion that the time has come when the sums due on account of the surplus revenue of Cyprus should be applied to the repayment of the advances made by the English and French Governments on account of the Guaranteed Loan of 1855.

I have accordingly to instruct your Excellency to notify to the Porte that Her Majesty's Commissioner in Cyprus has made arrangements for transferring to this country the accumulated surplus up to the 31st March last, including the sum of 52,538*l.*, which was placed at the disposal of the Turkish Government as part of the surplus revenue of 1879-80, but was not accepted by them.

You will at the same time communicate to the Porte the Memorandum, of which printed copies are inclosed, stating that it contains the conclusions as to the amount of the surplus and the rate at which it is to be converted into gold, to which Her Majesty's Government have come after a further careful consideration of the subject, and that the payments, on account of the 1855 Loan, will be made on the basis indicated therein.

I inclose a copy of a note from Musurus Pasha stating that the Porte had decided to reimburse the advances made by England and France out of the surplus revenues of Cyprus.† It would be desirable that you should refer to this statement in your communication to the Turkish Government.

A copy of my reply to Musurus Pasha is also annexed.‡

I am, &c.
(Signed) GRANVILLE.

No. 68.

Earl Granville to the Earl of Dufferin.

(No. 611.) *Foreign Office, October 18*, 1882.

My Lord,

I HAVE to request your Excellency, when you make the communication to the Porte in accordance with the instruction in my despatch No. 610 of this day, to inquire whether it is the intention of the Turkish Government to send for and take away the salt, produce of the salines of Cyprus, which is part of the surplus revenue of the island, and which Her Majesty's Government propose to pay in kind, and if so, at what dates Turkish ships will be sent to Cyprus for this purpose.

The Government of the island are anxious for an early and definite answer to this inquiry.

I am, &c.
(Signed) GRANVILLE.

No. 69.

Sir J. Pauncefote to Sir R. Lingen.

Foreign Office, October 18, 1882.

Sir,

I AM directed by Earl Granville to request that you will lay before the Lords Commissioners of Her Majesty's Treasury the accompanying draft of a despatch which his Lordship proposes to address to Her Majesty's Minister at Paris, in order to carry out the wishes expressed in your letter of the 2nd instant with regard to the appropriation of the surplus revenue of Cyprus to the charge of the Turkish Guaranteed Loan, and the repayment to the French Government of an advance made by it on account of that loan.

* Nos. 22, 26, 29, 34, 37, 41, 46, and 47.. † No. 38. ‡ No 70.

I am to say that on learning that the Board of Treasury concur in the terms of the inclosed draft Lord Granville will forward the despatch to Mr. Plunkett.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 70.

Earl Granville to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, October* 18, 1882.

YOUR Excellency's note of the 4th May last has been under the consideration of Her Majesty's Government, and I regret that, owing to the necessity of communicating on the subject to which it relates with other Departments of Her Majesty's Government and with the Government of Cyprus, it should have remained so long unanswered.

Her Majesty's Government have noted with satisfaction your Excellency's statement, that the Sublime Porte had decided to reimburse the advances made by England and France on account of the arrears of the Guaranteed Loan of 1855 out of the surplus revenues of Cyprus. This decision is entirely in accordance with the views of Her Majesty's Government, as expressed in Lord Dufferin's note to the Turkish Minister for Foreign Affairs of the 4th August, 1881.

I have, however, to point out to your Excellency that the figures given in your note are incorrect. The advances on account of the Loan are put down at 203,809*l.* 2*s.* 4*d.*, and the accumulated surplus at 354,545*l.*, whereas the advances made by the two Governments amount at present to 266,014*l.*, and the accumulated surplus was 274,880*l.* up to the 31st March last, including the sum of 52,538*l.*, which was placed at the disposal of the Porte as part of the surplus revenue of 1879-80, but was not accepted. Orders have now been given in accordance with the intention of the Porte, as expressed in your Excellency's letter, to withdraw the order placing this sum at the Porte's disposal, and to remit it to England to complete the liquidation of the Turkish debt to the two Powers up to the present date.

Any balance which may remain after this is done will be applied to the extinction of the debt owing by the Porte to Her Majesty's Government on account of the ransoms paid for the recovery of Colonel Synge and Mr. Suter from the brigands.

I have, &c.
(Signed) GRANVILLE.

No. 71.

Mr. Courtney, M.P., to Sir J. Pauncefote.—(Received October 26.)

Sir, *Treasury Chambers, October* 25, 1882.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state, for the information of Earl Granville, that my Lords concur in the terms of the draft despatch, inclosed with your letter of the 18th instant, which his Lordship proposes to address to Her Majesty's Minister at Paris, respecting the repayment to the French Government from the surplus revenue of Cyprus of the advance made by that Government on account of the charges of the Turkish Guaranteed Loan.

I have, &c.
(Signed) LEONARD COURTNEY.

No. 72.

Earl Granville to Viscount Lyons.

(No. 1212.)
My Lord, *Foreign Office, October* 27, 1882.

I HAVE to request you to inform the French Government that Her Majesty's Government are about to apply certain sums now held by them on account of the surplus revenue of Cyprus to the discharge of the arrears due from the Turkish Government on account of the Guaranteed Loan of 1855, and that they propose in the first instance to repay to the French Government the advance made by it on

account of that loan, and still outstanding. The sum of 30,501*l.* 1*s.* 3*d.*, which is the amount at which that advance is computed by the Lords Commissioners of Her Majesty's Treasury, is accordingly held at the disposal of the French Government; and you will ask M. Duclerc in what manner the French Government would wish the transfer of it to be made to them. The letter addressed to your Excellency by M. Barthélemy St. Hilaire on the 26th January, 1881, of which a copy was inclosed in your despatch No. 74 of the following day, sets forth the arrangement made when the repayment of a similar advance was last under consideration.

You will be careful to point out to the French Government when making your communication in accordance with this despatch, that Her Majesty's Government, though consenting under the present arrangement to apply the surplus revenue of Cyprus to meet the charge of the Turkish Loan guaranteed by the Governments of France and England, do so without prejudice to the future disposal of that surplus; that if at any future time they think right to propose to the Porte a different appropriation of the sum due yearly by the Government of Cyprus to the Porte they are free to do so, and that the application of the surplus which is now proposed implies no engagement on the part of Her Majesty's Government in the future.

I am, &c.
(Signed) GRANVILLE.

No. 73.

Mr. Wyndham to Earl Granville.—(Received November 20.)

(No. 1033.) *Constantinople, November* 13, 1882.

My Lord,

I HAVE the honour to transmit herewith to your Lordship a copy of the note in which, in compliance with the instructions contained in your Lordship's despatch No. 610 of the 18th ultimo, I have informed the Ottoman Minister for Foreign Affairs that arrangements have been made by Her Majesty's Commissioner in Cyprus for transferring to England the accumulated surplus of the Cyprus revenues up to the 31st March last.

In making the above communication I have, in accordance with your Lordship's directions, referred his Excellency to the note which the Ottoman Ambassador in London addressed to your Lordship on the 4th May last.

I have, &c.
(Signed) HUGH WYNDHAM.

Inclosure in No. 73.

Mr. Wyndham to Saïd Pasha.

M. le Ministre, *Constantinople, November* 11, 1882.

ON the 4th May last the Ottoman Ambassador in London addressed a note to Her Majesty's Principal Secretary of State for Foreign Affairs, stating that the Sublime Porte had decided to reimburse the advances made by England and France on account of the arrears of the Guaranteed Loan of 1855 and of the surplus revenues of Cyprus.

Her Majesty's Government have noted with satisfaction this decision on the part of the Sublime Porte; and I am now directed by Earl Granville to inform your Excellency that Her Majesty's Commissioner in Cyprus has, by order of Her Majesty's Government, made arrangements for transferring to England the accumulated surplus of the Cyprus revenues up to the 31st March last, which amounts to 274,880*l.*, including the sum of 52,538*l.*, which was placed at the disposal of the Imperial Government as part of the surplus revenue of the year 1879-80, but which was not accepted.

I am at the same time instructed to communicate to your Excellency the inclosed Memorandum, which contains the conclusions arrived at by Her Majesty's Government as to the amount of the surplus and the rate at which it is to be converted into gold.

These conclusions, I am directed to state, have been formed after a careful

consideration of the subject, and the payments on account of the 1855 Loan will be made on the basis indicated thereon.

I avail, &c.
(Signed) HUGH WYNDHAM.

No. 74.

Mr. Wyndham to Earl Granville.—(Received November 20.)

(No. 1034.)
My Lord, *Constantinople, November 13, 1882.*

WITH reference to your Lordship's despatch No. 611 of the 18th ultimo, I have the honour to state that, in delivering to the Minister for Foreign Affairs the note concerning the Cyprus surplus revenue, inclosed to your Lordship in my immediately preceding despatch of this day's date, I informed his Excellency that Her Majesty's Government is anxious to know whether it is the intention of the Ottoman Government to send for and take away the salt, produce of the salines of Cyprus, which is part of the surplus revenues of Cyprus, and which Her Majesty's Government propose to pay in kind, and, if so, at what dates Turkish ships will be sent to Cyprus for that purpose.

I particularly impressed upon his Excellency the necessity of furnishing Her Majesty's Government with a speedy answer on this point.

I have, &c.
(Signed) HUGH WYNDHAM.

No. 75.

Mr. Wyndham to Earl Granville.—(Received November 27.)

(No. 1066.)
My Lord, *Constantinople November 20, 1882.*

AS your Lordship is aware, from the information contained in the Earl of Dufferin's despatches Nos. 345 and 385 of the 9th and 24th May last, the Russian war indemnity is secured on the revenues derived from the tithes and mutton* tax of certain provinces, and that, under Article VIII of the Convention, signed on the 14th May last by the Russian Ambassador, M. de Novikoff, and the Ottoman Representative, these revenues were to be at once applicable to the payment of the indemnity. As, however, the taxes in question had been already partly hypothecated by the Turks, and as the needs of the Ottoman Government were pressing, the Government of Russia waived its claim against those due for the current year 1882.

On learning some months since that the Ottoman Government was borrowing money for the equipment of troops for Egypt, the Russian Embassy wrote to the Porte confirming the concession with regard to the revenues of the current year, but asking at the same time that arrangements might be made for the commencement of the payment of the indemnity from the 1st January next.

The Porte replied that orders had been given for meeting its financial engagements with Russia from the 1st March next, the commencement of the Ottoman financial year.

A difference has thus arisen as to the date from which the payment of the indemnity is due. The Russian Embassy has been, and still is, constantly pressing the Porte to accept the 1st January as the correct date, while the Ottoman Government maintains that the service of the debt should only begin on the 1st March.

It is to be noticed in regard to this matter that the mutton* tax is paid in about the month of April, while the tithes are collected in the month of September.

The pecuniary embarrassments to which the acceptance of the Russian date would thus expose the Turkish Government is manifest, while the mingling of the two financial years would be inconvenient to them.

I have, &c.
(Signed) HUGH WYNDHAM.

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* *Qy.* sheep.

No. 76.

Mr. Wyndham to Earl Granville.—(Received November 27.)

(No. 1071.)
My Lord, *Constantinople, November 21, 1882.*

I HAVE the honour to inform your Lordship that a loan consisting of 150,000 priority bonds was issued by the Imperial Ottoman Bank on Tuesday last, the 14th instant.

These bonds are the instrument by means of which the mortgage held by the Galata bankers upon the six Indirect Contributions, which have been assigned to the bondholders of the National Debt, and are administered by the International Commission, are to be redeemed.

I have obtained the following information with regard to this loan.

By the Iradé of the 20th December, 1881, the advances made by the Galata bankers were consolidated into one debt, the amount of which was fixed at £ T. 8,170,000. In representation of this debt it was decided that the Galata bankers should receive bonds to bearer for the full amount, to be issued by the Ottoman Government, and signed for acceptance by the Council of the Public Debt.

The delegates of the bondholders agreed, on behalf of the Council, that an annual sum of £ T. 590,000 should form a first charge on the ceded revenues, and should be set aside for the service of the above-mentioned bonds—called, in consequence of the preference their holders will enjoy, "priority bonds."

The Ottoman Bank, which acts for the Galata bankers in this matter, now desires to transfer a portion of them from its portefeuille to the public. It has sold 90,000 bonds of 20*l.* each to a Paris and London Syndicate "firm" at 78, and offers these, on behalf of the Syndicate, together with 60,000 more of its own, to the public at 83.

The bonds bear interest at the rate of 5 per cent. per annum, and will be amortized in twenty-four years by half-yearly drawings at par.

It will thus be seen that the issue of this loan in no way affects the Imperial Government. It consists merely in the transfer of a security from the Ottoman Bank and Galata bankers to the public. The Government will receive no money from the issue, nor will it incur any liabilities beyond those which it has already bound itself to accept; and the money required to meet the service of the loan is provided entirely by the Council of the Public Debt.

The ultimate effect of this loan will, doubtless, be to lead the Turkish Government to borrow again. At present the capital of the Galata bankers is, to a large extent, locked up in these securities. Should the public take them, the result will be to place a large amount of floating capital in the bankers' hands.

There is at present no possibility of employing money in this country in either commercial or industrial enterprise, and the only outlet is in loans to the Government. It is, therefore, probable that much of the produce of the sale of the "priority bonds" will eventually find its way to Constantinople, and be again lent to the Minister of Finance.

I have, &c.
(For Mr. Wyndham)
(Signed) F. M. SARTORIS.

No. 77.

Viscount Lyons to Earl Granville.—(Received November 28.)

(No. 1217.)
My Lord, *Paris, November 27, 1882.*

WITH reference to your Lordship's despatch No. 1212 of the 27th ultimo, and to my despatch No. 1139 of the 28th ultimo, I have the honour to transmit to your Lordship a copy of a note from M. Duclerc requesting that the sum which Her Majesty's Government propose to make over to the French Government, out of the revenue of Cyprus, on account of the Turkish Loan of 1855, may be paid to M. de Tarade, Agent in London of the French Treasury.

I have, &c.
(Signed) LYONS.

Inclosure in No. 77.

M. Duclerc to Viscount Lyons.

M. l'Ambassadeur, *Paris, le 25 Novembre,* 1882.

PAR sa lettre du 28 Octobre dernier, votre Excellence a bien voulu m'annoncer que la Trésorerie Anglaise avait décidé d'affecter certaines sommes provenant de l'excédent des revenus de Chypre au remboursement de 30,501*l.* 1*s.* 3*d.*, montant des avances faites par le Gouvernement de la République pour la part de garantie incombant à la France du chef de l'Emprunt Ottoman de 1855; vous exprimiez en même temps le désir de connaître les conditions dans lesquelles nous jugerions préférable que ce remboursement fût effectué. J'ai fait part au Ministre des Finances de cette communication; il résulte de sa réponse que M. de Tarade, Délégué du Trésor Français à Londres, 14, Moorgate Street, E.C., a reçu les instructions nécessaires pour toucher la somme dont il s'agit et en donner quittance. Je vous serai obligé de vouloir bien porter cette indication à la connaissance du Gouvernement de la Reine.

Agréez, &c.

(Signé) E. DUCLERC.

No. 78.

Sir J. Pauncefote to Sir R. Lingen.

Sir, *Foreign Office, December* 22, 1882.

WITH reference to your letter of the 2nd October last, in which it is stated that Her Majesty's Government hold the sum of 30,501*l.* 1*s.* 3*d.*, out of the surplus Cyprus revenues, at the disposal of the French Government, and will direct its transfer to the credit of that Government, in repayment of the advance made by them on account of the Turkish Loan of 1855, so soon as they learn the method in which such transfer should be made, I am directed by Earl Granville to transmit to you herewith, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a despatch which has been received from Her Majesty's Ambassador in Paris, in which a note from M. Duclerc is inclosed, requesting that the amount in question may be paid to M. Tarade, the Agent in London of the French Treasury, who has been authorized to receive the same.*

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

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* No. 77.